

THE CREDIT MONTHLY

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Two-Cent Collection Messengers

How to Write the Messages they Carry

By H. F. B. Darnell

Roberts Brass Mfg. Co., Detroit, Mich.

IT is human to err and even more human to buy more than we can pay for. In the case of the merchant, great or small, there is the additional gamble on the whim of the dear public and the sweeping tides of financial demand and depression that upset the best laid plans, and at times overwhelm the manufacturer and seller.

I am not referring to those expert defrauders who wilfully pervert credit to their temporary gain. The losses they inflict may sting and, if handled carelessly, may roll up the bad debts total to startling figures in a year. No, I am thinking of good friends, customers old and new, who are either chronically slow in their payments or are found to be drifting into that Dangerous Archipelago more deadly to credits than the coral islands of the Pacific to the traders of copra and pearl.

IMPORTANCE OF QUICK TURN-OVER

The quick turn-over of accounts receivable is one of the most important links in the chain from raw materials to remittances in the bank, and is often not sufficiently considered in figuring production costs. An average slowness of thirty days on an annual turnover of say a million dollars represents a considerable sum tied up unproductively, often necessitating further loans from the banks, added to which are the rapidly pyramiding possibilities of the accounts becoming a partial or total loss.

How can these past due bills be collected? Most conveniently by means of a two-cent messenger, when all is said and done. But although the messenger is always the same, the message itself must be broadcast in a thousand ways, and therein lies the utility

and the fascination of the Credit Master's art.

In what manner should a collection letter be written and how far should the veiled threat go? One must steer between the Scylla of ineffectiveness and the Charybdis of offense. It is a truism that every account must be handled on its own merits or demerits. But all accounts are alike under the skin; and there are certain general principles that should be borne in mind at every step of the way. For convenience, I string these principles like jewels in a rosary of credit faith:

A CREDIT ROSARY

1—*Courtesy or consideration.* As welcome to the most recalcitrant debtor as to the rest of mankind; perhaps all the more so, because its light so seldom shines! The writer's hand must wear the glove of courtesy; the debtor will not fail to feel the iron underneath if the metal is there.

2—*Persistence.* Wears away a stone and wins through a slow process of attrition. Surely a wonder worker in its own place, but to be successful must be accompanied by other attributes. The fable about the old-fashioned life insurance agent illumines this point like a spotlight. He was so persistent the prospect finally kicked him downstairs. Did this discourage the agent? No, indeed. Back he came smiling with the remark: "Now, joking aside....."

3—*Understanding.* The collection letter should, of course, be firm; but above all gentle and friendly, with an aura of understanding.

4—*The Generous Thrill.* Leave a loophole for a gracious gesture if he pays. Do not grudge him a generous thrill while writing his check. Depict

the horrors of non-payment, but lead him to feel there is still time to come back with honor. An approach along these lines has salvaged many a backward account and brought not only payment but grateful thanks for forbearance, and this after letters that—well, we should not like to receive ourselves.

5—*The Joke.* A jocular air is often injected into a collection letter, due no doubt to the same spirit of mercy that mitigates a disagreeable medicine with a flavor of something nice. Humor helps everywhere but in a dunning communication is too often a foster child. A joke that brightens the barber's chair meets but a wan reception in the dentist's.

6—*The Wrong Rub.* Unfortunately, many collection letters rub the debtor the wrong way. This process does extract electricity from a cat, but the cash returns are apt to be small. They convey the impression that the recipient is a dub and that the writer knows he knows he isn't going to pay—and of course he doesn't!

SANE AND HUMANE TREATMENT

The evasive account runs on until it reaches the courts, where a settlement is finally consummated on a basis of nine cents on the dollar, less attorney's fees; unless it has the good fortune to fall into the hands of one of the Adjustment Bureaus of the National Association of Credit Men, where for the first time it meets the sane and humane treatment that may bring it back to life.

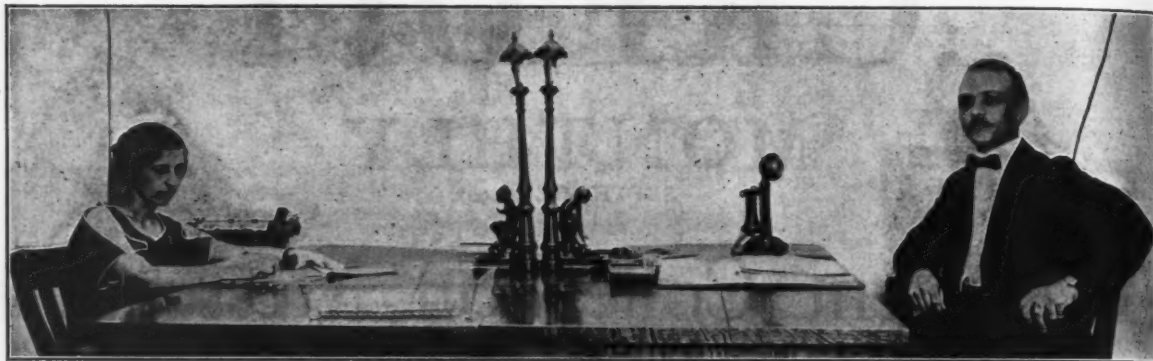
Of good collection letters there is no end, but I know the gentle patience of the Editor is as exhausted for the moment as the gentle art of correspondence and I restrain an itching pen.

Heartbreak and Business

Unhappy Marriage Lead to Business Discouragement

By Rosalee Lohrey

Secretary to Mgr., Adjustment Dept., Cincinnati Assn. of Credit Men



John L. Richey, Manager of the Adjustment Bureau of the Cincinnati Association and Miss Rosalee Lohrey, his Private Secretary

THERE IS PLENTY of romance and tragedy in the work of the Adjustment Bureaus of the National Association of Credit Men. The facts on which the following story is based I gathered from my chief, John L. Richey, Manager of the Adjustment Bureau of the Cincinnati Association, whose long experience as adjuster and investigator for the Bureau has shown that it is not always business conditions that are responsible for failures. Sometimes events in the personal life of a man will ruin a prosperous business in which every other condition is favorable.

The following is a true story of a failure as I got it from Mr. Richey.

Some time ago I went to Tennessee to investigate the sudden change in the manner of payments of a customer of several of our Cincinnati members. His business had always been desirable because of prompt payment of his obligations and his generally healthy financial condition. However, he had suddenly become very slow pay, and after a while had surprised everybody by proposing a settlement of 25 per cent. The strangeness of this was emphasized by the fact that a few months previous he had sent out a financial statement which indicated that things were moving along well.

I arrived in the little town of Staunton very early in the morning, and from the two relics masquerading as cabs, picked the stronger looking one to carry me to the hotel. This hotel, I found had been years before, a family residence, but converted into a hotel and additions put on from time to time. The rooms were high-ceilinged and old-fashioned.

After an excellent breakfast, I spent a little time in looking over the town, which like so many towns of its size, was built around the courthouse, extending about two squares in either direction. I passed the store of the man whom I was to see and noticed no business apparently being trans-

acted, and no air of alertness and readiness for business should it come. It did not take long to view the town, and I decided to proceed with the errand on which I had been sent.

LOOKED HONEST

By this time it was nine o'clock, and I went to see the young man, by name George Todd. I found a clean-cut young fellow, who appeared to be rather listless, but whose face bore no marks of dissipation. My first impression was that he was honest, and I expected an explanation that would account for everything. He received me very well, but when I explained who I was, he volunteered no information, merely saying, "I guess you would like to see the books."

The first entries gave a picture of a growing business that was making a nice profit. Recent entries, however, showed a dropping off of sales and large sums of money drawn from the bank with nothing to show what had been done with them, although his financial condition in the last analysis indicated that 25% was an adequate settlement if the unexplained discrepancy brought out by the money paid out, was accounted for.

I suspected speculation but received a curt "No" in answer to a question on this point. When I asked point-blank where the money had gone, he shrugged his shoulders and replied "I do not know." He did not say it convincingly, and I knew from his manner that he was not only hiding something, but that I would be unable to get anything out of him. I spent two days with Todd. The conviction that he was straight strengthened every day. His face showed only the highest character and integrity. Under any other conditions, I would have banked on him. In the face of this was a business from which all cash had been taken, and things looking bad generally. To all questions I received the same answer, "The money is gone, and what assets I have will pay 25 per cent." I admitted to myself that I was baffled and

decided to think out another course of investigation.

My pipe has always been my companion in thinking out a problem, as it seems to smooth out the mental kinks and start the train of thought in the proper direction. That evening I sat on the hotel porch smoking. It was a delightful evening, and so calm and peaceful that it seemed as if Nature herself was trying to help me concentrate.

I must have looked pretty glum, because an old gentleman sitting near, a typical Southern "Colonel," asked if I was lonesome, and started to talk in an endeavor to chase the gloom. We discussed many things and I found him broad and charitable, as well as interested, like myself, in the human element in all situations. He had lived in Staunton since his boyhood and told me many interesting things concerning its development. He seemed to know about most everything and everybody. He spoke not as a gossip, but in the manner of a man who observes everything.

The nature of my work is such that I almost never mention anything concerning a case on which I happen to be working; but I was so completely at a loss that I determined to confide in the Colonel, and see if he might not be able and willing to help me. After I had finished, he sat for a moment with a sad look on his face and then told me the true story, in that much-abused, charming dialect of the South which I shall not attempt to reproduce.

THE COLONEL'S NARRATIVE

It seemed that Todd had come from a very fine family that had little money but much ancestry. He had grown up, well-liked by the entire community, particularly by the Smith family next door, whose daughter had been his companion always. They had played together, gone to school together, and were inseparable. It was natural as they grew up, they should be sweethearts, and when the engagement was

announced, it was met with approval and seemed an ideal match.

Todd was ambitious, and agreed to postpone the wedding until he had established himself and could give his sweetheart the things he thought she should have. They were both young, and although time would go slowly, they felt content to wait. The girl, too, wanted to do something, so decided to go to Memphis to teach school. They parted, giving each other the promises their hearts dictated. Todd started his business career with the assurance that meant success.

Virginia visited her family at intervals, which grew a little longer each time. When Todd suggested that he be allowed to come to Memphis to see her, she put him off with plausible excuses, of first one kind and then another. Completely engrossed in making good in business and with perfect faith in the girl he loved, he let her have her way about the visits.

In about three years, Todd had reached the point where he felt that his plans for marrying Virginia could be consummated, and he told her, on one of her infrequent visits, that he wished to purchase a home and furnish it in preparation for the day which he now asked her to set. She did so, seemingly proud of his success and assisted in securing and furnishing the home. Everything went along serenely and pointed to happiness for both.

Virginia chose her trousseau, talked over the event with family and girl friends, enjoyed the social events folks gave for her with a quiet air that became her. If she seemed older than her years would warrant, they attributed it to the fact that she was taking on the duties of wifehood seriously.

Both Virginia and George wished the Colonel to look after the arrangements for the wedding breakfast which was to be given at the hotel, on the porch of which we now sat. The Colonel assured me that he took his duties to heart in such a manner that nothing was left undone for the enjoyment as well as nourishment of the guests.

The day arrived, with the sun shining as it should for such an event. The Colonel, responsibility resting heavily, decided to slip away before the ceremony was over, and go to the hotel to see that nothing had been overlooked. Every detail had been taken care of, and he came out on the porch to await the arrival of the wedding party. The hotel porch was deserted except for a young man, apparently a salesman, who, together with the Colonel, watched the approach of the bride and bridegroom with their friends. Suddenly as they came close, the young man straightened and in a startled way, exclaimed, "Well, look who's here." The Colonel turned sharply, and asked what he meant. "Why, I know that girl. What is she doing here?" The Colonel replied that Miss Smith was the name of the bride, but she was now the wife of George Todd, her boyhood sweetheart. The young man, secure in his identification of the girl, answered, "That was not her name at 143 Beale Street, Memphis." The Colonel laughed. "She never lived at that address when she was in Memphis. She taught school, so I guess you are wrong." "No, I am not wrong. And as for being a teacher, the only school she ever taught in, was the school of experience, and she was some teacher." The Colonel's first impulse

was to knock the fellow down, but he managed to control himself.

The Colonel, still dazed by the revelation, made no move toward the wedding party, as they came in. They entered the hotel, laughing and joking at the expense of the newly-weds. Before the Colonel could prevent it, the salesman started for the dining room, saying "I won't let a good scout be tricked by anything like that." He called Todd out, and brutally and frankly told him everything. Of course, it was like a blow between the eyes for Todd, but at last the salesman convinced him that he knew what he was talking about. Todd walked away from the hotel, neither looking nor caring where he was going. The Colonel, as soon as he realized that Todd was not coming back, set out to search for him, and found him the next day exhausted from worry and lack of food.

Virginia, when she became aware that Todd had apparently deserted her, and shrewdly guessing the reason, hurriedly left for Memphis.

NO HEART IN HIS BUSINESS

It was some time before Todd regained possession of himself, and even longer before he took up the burden of his business again. With the heart taken out of it, and with life mocking him, with the blame for the disappearance of Virginia, which seemed unexplainable, placed on his shoulders, coldly received by her friends, it was little wonder that the conduct of his business was perfunctory. The Colonel alone, except for Todd, knew the truth, and gave his word not to disclose it for the true southern gentleman will protect a family name, no matter what the cost.

Todd sold the house and furnishings, which had been bought so happily, and placed the money in the bank. He had suffered the most cruel blow that could be dealt a man; but he was further shocked one day, when upon answering the telephone, he heard Virginia's voice. She informed him that she was broke, and since she was married to him, she certainly meant for him to provide the money. He refused, telling her she had no claim upon him. She threatened to come back to Staunton, and disgrace her own family and his, by telling them what those three years had done for her. She knew his attitude toward his people, and played on it, with the result that he agreed to meet her in an adjoining town, and bring with him the \$1000. she demanded.

Finding it such an easy task to get money from him, she returned again and again for more, making demands by telephone, by wire and by carefully coached letters, until she managed to eat up his savings and to bore her way into the profits of what business remained. Not knowing which way to turn, and finding the burden of secrecy too much, he sought out the Colonel and told him his troubles. The Colonel had suspected that something was wrong with his young friend, and after hearing the story, decided to take a hand.

When the inevitable demand was made the next time, the Colonel surprised the young woman by appearing in her husband's stead. With the privilege of an old acquaintance, he informed Virginia in no uncertain terms

what the fate of a blackmailer could be, and convinced her that the best thing to save her skin was a signed agreement to make no more demands for money and not to communicate with her husband in any way.

The Colonel went back to Todd with this agreement, and jubilantly told him his worries were over, and that now he could enter into his business and forget this unfortunate occurrence. His enthusiasm was wasted, for those of us who have had illusions shattered, and our faith in our best beloved destroyed, know that the marks are ineradicable. The passing years bring us understanding and indulgence for the weakness of our fellowman, perhaps, but the scars are there.

The Colonel ended his sorrowful story by telling me that things had remained as they were up to the present time, with no revival of interest and ambition on the part of young Todd.

We sat silent when the Colonel had finished. After a while he asked what course I could pursue that would assist Todd, for he felt that the young man should receive some consideration. I agreed with him, especially inasmuch as the money spent could not be recovered for creditors, and otherwise the condition as disclosed justified 25 per cent. The following day I left Staunton, promising the Colonel that I would recommend to the members of the Adjustment Bureau of the Cincinnati Association of Credit Men the acceptance of the 25 per cent. compromise, which was done.

When we form a conviction it is always a pleasure to find that it is borne out by facts. So interested had I become in George Todd, and so pleased at having met a man like the Colonel, that I wrote him after I returned to Cincinnati, and established a correspondence which was kept up until he died. In the course of this correspondence he kept me informed of the doings of George Todd. He was continuing his business, it seemed, in a half-hearted way, which just kept him going. He also told me that word had been received not so long after my visit to Staunton that Virginia had been the subject of a jealous fight between two admirers and in the brawl had been stabbed to death.

My story has no happy ending as is demanded in fiction, but facts are unalterable, and these are what I have given you.

Watch These Checks!

HOWE & French, Inc., Chemicals, Boston, Mass., are having trouble with checks drawn on the National Bank of Commerce, N. Y., signed "Howe & French, Inc., per Edward S. Davis, Treasurer" or "John C. Berkeley, Treasurer." Across the end is printed "Howe & French, Inc., Boston." The paper used is a regular green lined non-erasable check paper. The concern has never had an account with the National Bank of Commerce, and these checks are, of course, all forgeries, according to Howe & French, Inc. Several of the checks are drawn to the order of "Harold Malquist" and "H. Halstrom."

The National Association of Credit Men, 41 Park Row, N. Y., will be glad to have any information on the drawer of these checks.

President Harding's Appreciation of the Credit Man

THE WHITE HOUSE
WASHINGTON

June 3, 1921

My dear Mr. Tregoe:

It is a pleasure to comply with your request for a word of greeting to the National Association of Credit Men on the occasion of their annual convention at San Francisco.

The place of the Credit Men in the organization of national business is just now a more difficult and responsible one than it has been in some time past. The most onerous burdens are imposed upon the Credit Men, which call for the exercise of the widest discussion and the most thoughtful consideration of many unusual factors. There are indeed few groups of men who are postured to render a more valuable service at this time. I know that we are all agreed that our country and its business are, fundamentally, perfectly sound. I bespeak in behalf of the business community a continuance of that broad and understanding attitude which the Credit Men have always assumed toward the requirements of business.

Most sincerely yours,



Mr. J. H. Tregoe
Secy.-Treas.,
National Association of Credit Men
41 Park Row
New York City.

AS RECENTLY AS June 7, 1923, President Harding wrote to Mr. Tregoe as follows: "Many things which have come to my attention incident to official duties in recent years have impressed a new and emphatic realization of the important relationship of the credit men to the national business. As trained students of business, and skilled observers of its cycles, they are in position to render an increasingly important contribution to the economic welfare of the country. Their work is constantly of the utmost value to many government agencies, and I am sure that value will increase as time passes and co-operations are perfected."

Warren G. Harding



IN the first year of Mr. Harding's administration, I went with the Chairman and a member of the Special Committee on Taxation of the National Association of Credit Men to talk with him and to gather his views on this important subject. The appointment was very readily granted. We appeared on time but in the room of the Secretary to the President were detained more than an hour.

I almost regretted the announcement that the President was ready to see us, for I was gathering very vividly and distinctly a close-hand view of our President's daily routine. The Secretary's room was filled with visitors of all kinds and descriptions, Senators, Congressmen, delegations of this kind and that, to confer with Mr. Harding on matters important to them naturally, but—*how important to the Nation?*

As we were presented, the President rose from his desk and greeted us simply and cordially, and then said with a smile:

"Gentlemen, I am this morning one hour late in my schedule; but sit down—and shoot."

Not one of us had had the honor of meeting him before either in the White House or when he was a Senator, yet I shall always remember his cordiality, human interest and keen concentration on the matter in hand. His grasp on the subject of Federal Taxation was firm and thorough. He displayed the mind of a man who not only looked upon such subjects from the public point of view but from the point of view of one who had been, directly or indirectly, in touch with business affairs continuously since he was a boy. For a period of about fifteen minutes he engaged us in a close discussion of taxation

matters and supplied us with exactly the information we wanted.

I have heard that in the courts of Europe it is considered a grave breach of etiquette to make a motion to leave the presence of royalty without a suggestion from the potentate himself. It may be that such a custom obtains with American presidents; but we had at this interview so little impression of talking to a potentate hedged about with the ancient customs of royalty that we felt no embarrassment in rising and bringing the interview to a close as soon as we had got the information we desired. Nor was there the slightest indication on the part of the President that we had not acted according to the rules for such occasions. Moreover, such was the humanity of this most lovable president, I think it is possible that he appreciated our taking no more of his time than was absolutely necessary.

Although President Harding had been in the White House only a few months on the occasion of our call, and showed no signs as yet of breaking down through weariness, it was perfectly obvious to us that the accessibility of our President is a great and unnecessary burden for the most powerful executive on earth. The American people consider themselves entitled to contact with their President either indirectly through their business or political representatives, and directly. This fact alone is one reason that all but the smallest fraction of the work of the President's office should be deputized either to cabinet officers or to private secretaries.

The conservation of our Presidents is becoming as acute an issue as the conservation of our forests.

J. H. TREGOE.



With The Editor

The Installment System

THE facilities which modern ingenuity has devised to make possible an almost limitless expansion of the installment credit method of sales deserve to be thoroughly studied by credit men.

Every inducement is being held out by the lure of easy, long postponed payments to anticipate the time when one could secure necessities or luxuries by paying for them outright.

The installment method has its virtues. It has made it possible for man to surround himself with comforts and conveniences which would otherwise be the possession of but few. The installment plan tends to school us in setting aside a little money regularly with the goal before us of big things greatly desired. As is the case with many things that are good when employed with reason and temperance, the installment method may, if misused, impose burdens that become unendurable to the installment buyer and upset the even ways of trade.

On two counts at least the installment system is to be arraigned. The most important is the inordinate competition among installment sellers. The result is that there are thousands of families whose monthly incomes are so mortgaged to installment houses that the family life is sorely harassed. The purchase of necessities is reduced to the point where healthy, orderly, comfortable living is impossible and the payment of bills for ordinary supplies is put off until demand for payment can no longer be delayed. We have, for example, the case of a family so committed to three concerns for installments that of the \$240 monthly income, \$180 had to be set aside to satisfy them, leaving a meager \$2 per day with which to clothe, feed, amuse, doctor and insure three grown-up people.

The second charge in the arraignment is that the installment payments are made too alluring by the length of time over which the payments run.

The problem is to secure, if possible, greater moderation both as a matter of good business and of fairness to inexperienced and improvident buyers, by contracting the periods of payment. Clearly, the contraction of the payment period should be sharpest in the purely luxury class of merchandise and less so in the class of useful though not necessary articles. The least contraction should be, if there is need of any at all, in the absolute necessities such as the building of a home.

There is a question too whether the finance company should not, as a matter of good business, insist that its purchases of installment receivables shall carry the guarantee of the seller of the merchandise, for if the merchandise seller is not under the necessity of guaranteeing his installment payments to the finance company, he is under no compulsion to handle his sales with moderation. The capital invested in his business is no measure of the amount of business he can do. The finance company which buys without a dealer's or manufacturer's guarantee may also become a breeder of conflagration when the necessary market becomes strained.

We believe the whole installment system should receive close study from credit men, particularly of banking institutions for, as we have above pointed out,

the finance companies in their service to manufacturers who sell on the installment basis, have given us a new and difficult credit problem of first importance.

Bankruptcy Law Not an Automatic Machine

C. D. WEST of the Investigation and Prosecution Department of the National Association of Credit Men goes about the country telling credit men that they should know the bankruptcy law as they know their Bible. Apparently some of them know about as little of this law as most modern men know of Holy Writ.

Just as men sadly misinterpret the Bible, so they misinterpret the bankruptcy law. They get, somehow, the impression that it is a law that should automatically solve all their bankruptcy problems, for under the law has there not been set up machinery to take care of all bankruptcy interests without attention from them? Of course, they have no more right to expect such a result than that the institutions set up by mankind under Divine law will solve all the troubles and correct all the evils of this naughty world without any effort on man's part. There is no device that man has invented to take care of his interests without his personal supervision, and the bankruptcy court is no exception.

The man who views the bankruptcy court as furnishing a sort of vicarious instrumentality imbued with intelligence, penetration and the determination of a superman to fight the creditors' battles, seek out hidden assets, expose the falsities of fictitious claims, liquidate to the best advantage the assets, whether they be accounts receivable, stock or contracts has a strange notion of the functions of the court. It is not in the nature of the court to do such work nor will the common run of trustee and trustee's counsel, even if possessed of the ability to perform this highly specialized sort of work, feel that he is sufficiently paid to do so.

Such work should, however, be done. We should train men skilled in doing it and be willing to reward them suitably for the quality of work which the able and conscientious representative of creditors in bankruptcy matters brings to his task. Such work will serve as a necessary tonic to business in all its relations with bankruptcy procedure.

We are indebted to Vernor Hall, of Dallas, whose address was a feature of the Atlanta convention, of the National Association of Credit Men, for the account of a bankruptcy case in which, as manager of a local adjustment bureau, he produced for the creditors \$3,500 in spot cash as a result of his insistence that the lease of the building be sold. The trustee had planned for a surrender of the lease to the landlord without any money consideration.

His bureau, he adds, obtained the cancellation by the bankrupt of a \$5,200 claim of his mother's for salary and also secured title to a piece of property with an estimated value of \$5,000, which was turned back because the bureau had found that it had been bought with money advanced by the corporation while in failing condition. Here were items which increased the estate by 15 per cent.

It takes men who are experienced and trained up in this specialized line to secure results of this character, but the influence of such work reaches far beyond the case in hand; it serves to stimulate the court to the fuller performance of its duties; it makes the credit man more alert to his rights in bankruptcy; it makes the bankrupt hesitate because he knows that as a man who made an honest failure his chance of "coming back" is better than if he is caught in a dishonest bankruptcy.

Credit men should enjoy the advantage of this high class of work all over the country, and if, for a few years, they will be willing to pay with reasonable liberality for it, it will not be long before we shall have at every important market point men who have the moral stamina and the skill for this class of work.

"Commercial Law Should Reflect Commercial Morality"

PARTICULAR attention is directed to the article by W. Randolph Montgomery in this number of the Credit Monthly, discussing and quoting the opinion of the U. S. Circuit Court of Appeals for the Seventh Circuit in the case of Lagerloef Trading Co., Inc., vs. American Paper Products Co. of Indiana.

Although the decision will be read and studied by attorneys with keen interest because of the clarification of the law affecting the repudiation of contracts, and the lifting of the veil of uncertainty which has heretofore surrounded the rights of the seller upon receipt of a cancellation, it will appeal to the credit man, not only because it is a clear, unequivocal and easily understood statement of a difficult situation, but particularly because of the high standard of commercial morality recognized by the court as applicable in the case.

Should the seller accept the cancellation of an order, in the words of the Circuit Judge, "the matter is at an end. If the seller says 'no' (meaning thereby that he declines to submit to the arbitrary and unjust demand) he should not be held to be digging pitfalls for himself and isles of safety for the repudiator. The law should not be regarded as crystallized strata of a dead past, but as a living force that pulses in response to preponderant conviction of morality. Commercial law should reflect commercial morality. Repudiators of fair and solemn and binding promises are commercial sinners. If they are unrepentant, courts should hold them to the full consequences of their sins. While promisors (sellers) should be encouraged to hold open the door to repentance, courts should be vigilant to see that repudiating promisors do not use that very door as an exit to immunity."

The right to sue immediately upon receipt of notice of repudiation of a contract, and prior to the time of performance, has been recognized by the courts of all of the states, with the exception of Massachusetts and Nebraska. The decision in the Lagerloef case has established this valuable safeguard on a firmer and surer foundation.



CALVIN COOLIDGE, *President of the United States*

No Stranger to Credit Men

IN the orderly manner provided for by the Constitution of the United States, Calvin Coolidge has become President, and has quietly and firmly grasped the helm of the Ship of State.

He is no stranger to the National Association of Credit Men. He has in person addressed credit managers at their association meetings. He has addressed them in writing, with the lucid and forceful language characteristic of him, through their professional magazine, the CREDIT MONTHLY. He attracted the favorable attention of business men everywhere long before his nomination for the Vice-Presidency. It is a satisfaction now to know that, although silent, he has been,—through the kindness and foresight of his chief,—a member of the Cabinet.

The credit men of America, having taken the measure of the man, are convinced that Calvin Coolidge measures up in experience, capacity and character to the great requirements of the Presidency of the United States. They are ready to pledge anew their unstinted loyalty and co-operation to the commercial and ethical ideals of the Nation and to its President.

Some forms of service to Business

ROUTE OF A CHECK

BEFORE THE FEDERAL RESERVE

CHECK ON NORTH BIRMINGHAM BANK
WAS DEPOSITED IN BIRMINGHAM BANK 4 MILES

SENT TO BANK IN JACKSONVILLE, FLORIDA 488 "

SENT TO BANK IN PHILADELPHIA 817 "

SENT TO BANK IN BIRMINGHAM 941 "

SENT TO BANK IN NORTH BIRMINGHAM 4 "

CHECK NOT PAID AND

RETURNED TO BIRMINGHAM BANK 4 MILES

RETURNED TO PHILADELPHIA BANK 941 "

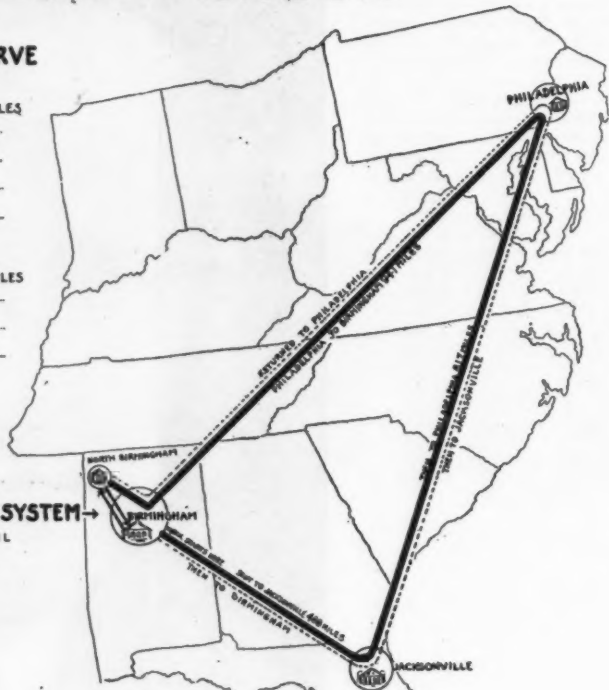
RETURNED TO JACKSONVILLE BANK 817 "

RETURNED TO BIRMINGHAM BANK 488 "

RETURNED BY BIRMINGHAM BANK TO DEPOSITOR

DISTANCE TRAVELLED 4500 MILES

TIME IN TRANSIT 14 DAYS



UNDER THE FEDERAL RESERVE SYSTEM

COLLECTION WOULD BE MADE BY MAIL
DIRECTLY IN 2 DAYS

ROUTE OF A CHECK

BEFORE THE FEDERAL RESERVE

CHECK ON SAG HARBOR BANK WAS
DEPOSITED IN HOBOKEN BANK

SENT TO BANK IN NEW YORK CITY

THEN TO BANK IN BOSTON

THEN TO BANK IN TONAWANDA

THEN TO BANK IN ALBANY

THEN TO BANK IN PORT JEFFERSON

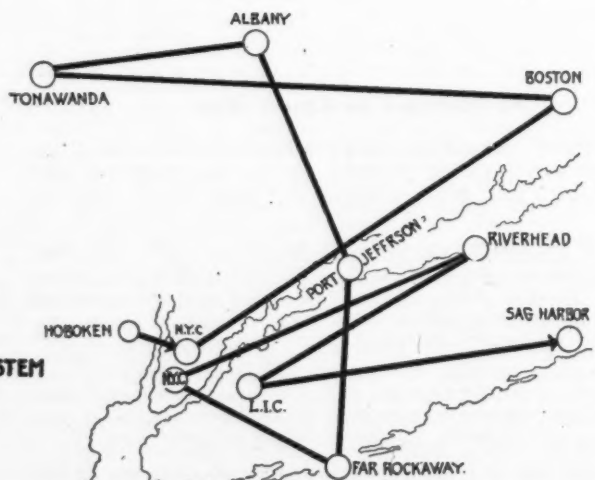
THEN TO BANK IN FAR ROCKAWAY

THEN TO ANOTHER BANK IN NEW YORK

THEN TO BANK IN RIVERHEAD

THEN TO BANK IN LONG ISLAND CITY

THEN TO BANK IN SAG HARBOR



UNDER THE FEDERAL RESERVE SYSTEM

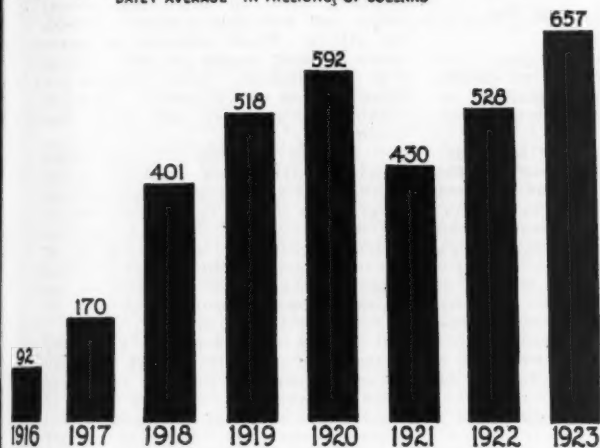
COLLECTION WOULD BE MADE IMMEDIATELY
THROUGH THE FEDERAL RESERVE BANK OF N.Y.

Before the Federal Reserve System a bank could count its float or uncollected checks as reserves. Instead of sending checks directly for collection banks often sent them to correspondents with whom they needed to balance their accounts. The result was that checks often wandered about the country for days before they were collected, with a corresponding delay in the settlement of business transactions and an increase in the risk of nonpayment. The charts above show extreme instances of wandering checks. Through the twelve Federal Reserve banks checks are now collected directly and promptly.

provided by the Federal Reserve System

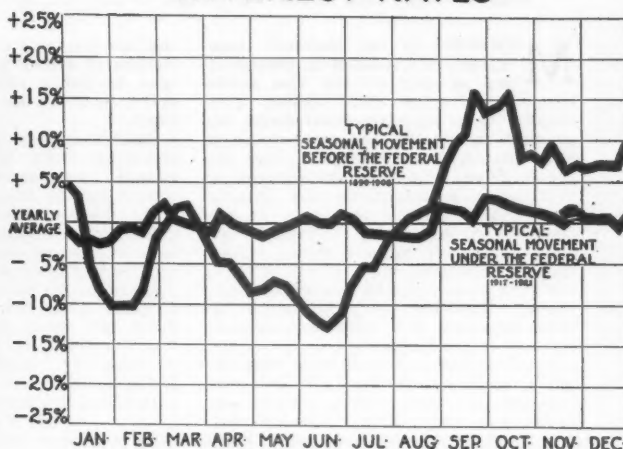
VOLUME of CHECK COLLECTIONS

DAILY AVERAGE IN MILLIONS, OF DOLLARS



In the first five months of 1923 check collection through the Federal Reserve System amounted to a daily average of \$657,000,000, or at the rate of about \$200,000,000 a year.

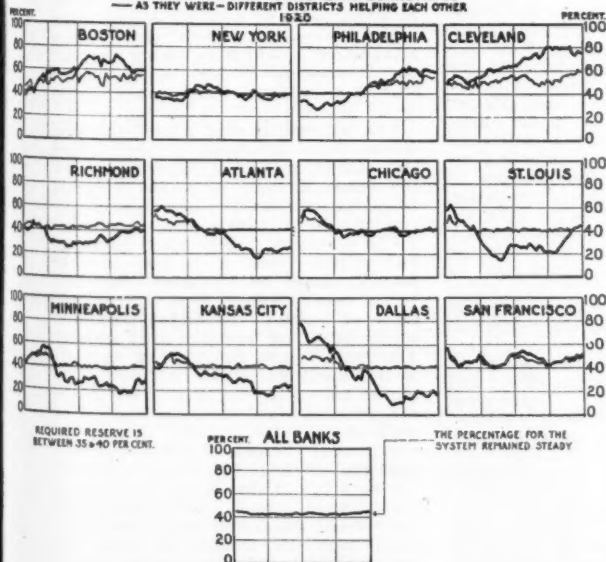
EFFECT IN STABILIZING INTEREST RATES



Before the Federal Reserve System the country's supply of credit and currency was inelastic, and as a result there was serious credit strain when business was most active, and slack in credit at other times. Interest rates rose and fell. Under the Federal Reserve System the supply of credit and currency has been adapted to business needs and interest rates are steadier throughout the year.

RESERVE PERCENTAGES

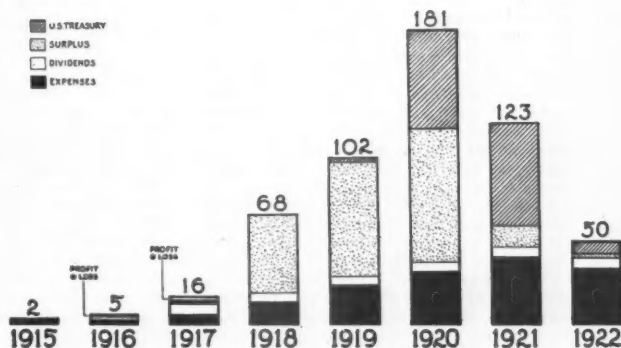
— IF THERE HAD BEEN NO INTERBANK BORROWINGS
— AS THEY WERE— DIFFERENT DISTRICTS HELPING EACH OTHER



In the credit strain of 1920 the Reserve banks maintained their reserve percentages above the legal requirements by borrowing from each other. The above chart shows what the reserve percentages in different districts would have been if the banks could have borrowed from each other, and shows also what the reserve percentages actually were. Interbank borrowings saved the agricultural districts from serious difficulty in the fall of the year and saved certain industrial districts from difficulty in the winter.

WHERE GROSS EARNINGS of RESERVE BANKS HAVE GONE

MILLIONS OF DOLLARS



In the eight complete years that the Federal Reserve System has been in operation its gross earnings have amounted to \$548,000,000. Of this amount \$158,000,000 has been paid out as expenses; \$37,000,000 as dividends to member banks; \$218,000,000 has been transferred to surplus and \$135,000,000 has been paid as franchise tax to the United States Treasurer.

Successful Business Men

Owe Debt of Gratitude to the State

By Gov. John M. Parker of Louisiana

Address to the 28th Annual Convention of the Natl. Assn. of Credit Men

MEMBERS of the National Association of Credit Men, representing as they do, the vast industries of America and passing upon credits to prospective customers, appreciate to the full the great value of good citizenship, and largely gauge the credit lines they give individuals, as well as corporations, by the honesty and ability of those in charge of any business or enterprise. Financial reports invariably state a man's habits, his qualifications, if he is attentive to his work, and many go beyond that and report "There is every reason to believe this man will make an excellent success of his business."

Both big business and little business are absolutely dependent for their success on the laws which govern our States and our Nation. Special interests have their lobbies in state legislatures as well as in the halls of Congress. Their representatives are able men, constantly on watch against any legislation which may be prejudicial, or the passage of any acts which might add additional cost or entail stricter supervision of a business. This lobbying is one of the conditions that have brought politics into disrepute and is largely responsible for the fact that the average business man or farmer not only shuns politics, but pays little heed to those who make the laws in state and nation, forgetting these laws mean everything to our welfare and prosperity.

MOST LEGISLATORS INSINCERE

It has been my privilege as a visitor, to witness sessions of the legislature in a great many states; no thinking man can fail to be impressed with the fact that the majority of those representatives vote not their sincere convictions, but their political convictions for their own welfare.

No business man employs either a worker, foreman, superintendent or general manager unless he feels that the employee has his interest at heart and is capable and willing. Where he finds that he has made a mistake, he does not hesitate to release the incompetent at once and engage the efficient. In marked distinction to this policy, what do we find in public affairs? It is really a difficult matter to get good men to run for the legislature or the senate in most of the states. Small heed is paid to either qualifications or ability of the candidates. In many sections, they are hand-picked by the political powers that be and receive the positions as political rewards. In some instances the offices are so little thought of that young men who have not left school are sent to make the laws which govern us in domestic life, and in others, those same big interests which employ lobbyists find it infinitely cheaper and better to put on their pay roll young lawyers and send them to the legislature where they can use their influence without suspicion and where many of them do not feel they are doing the slightest wrong in serv-

ing the interests of their clients. Politicians of either party seek to elevate men to public office as a political reward, and not as the badge of efficiency.

Both the great parties of today are throwing sand in the eyes of the people. At the time of the greatest unrest in the history of this country, when the best brain and ability of America should be steadily occupied in an earnest, conscientious effort to solve our own problems for the welfare of humanity, we find the great issue of the day is as to whether, on the one hand, we shall go into International Court, or on the other, if we made a mistake in regard to the League of Nations.

DISILLUSIONED AS TO LEAGUE OF NATIONS

As a former earnest and ardent advocate of the League of Nations, as a man who sat in the Disarmament Conference, feeling it would aid in bringing lasting peace to the world, my disillusionment has been complete, because we find war after war still going on; nations utterly impoverished and owing us vast sums of money, keeping up large standing armies at fearful cost; one nation getting rid of its ships and spending fortunes in submarines; still another scrapping its ships and adding a vast air fleet at stupendous cost. After very earnest thought, it occurs to me we are wasting entirely too much time in internationalism and devoting entirely too little time to Americanism, and especially to the elimination of secret orders like that which has its headquarters today in Atlanta and seeks to cast its cloud over the United States, bring our laws into contempt, create bitterness and friction between life-long friends, divide entire communities, violate the Constitution of the United States by injecting religious questions, and then assume to be a prosecutor, jury and executioner. These conditions could never have existed had we had clear-headed, patriotic business men and farmers working with their legislatures to see that instead of the multiplicity of laws which now clog up our statute books, we had safe, sane legislation for the welfare of all of our people.

Few of us appreciate that when we attempt to go into European affairs and tell the nations of the Old World what they must do, we practically assume the responsibility of helping to police the world. If we do, we will not only pay for this action in stupendous amounts of money, but more valuable still, in our sons and grandsons. The waste of American blood will be a fearful toll. We should follow the teachings of Jefferson, Lincoln, Cleveland, Roosevelt, Wilson and other great Americans and before it is too late, that America for Americans, under all circumstances, is what we should stand for; that we sympathize with the balance of the world in their troubles and

(Continued on page 24)

"Real" Farmers

By Rowe Williams

ONE of the most encouraging notes at the Atlanta convention of the National Association of Credit Men was sounded by J. K. Orr, a leader in the business affairs of the South, when he told how some of the counties of Georgia, turning from the one traditional southern crop to producing several crops, had been able to finance one with the others. These counties no longer furnish timely topics for the hysteria type of politician. Their farmers are using head as well as hands. They are making more money and using less credit.

It appears that the new agriculture which is giving new promise to the southland is gaining adherents in those other states that at the moment are being more talked of than the southern states. Writing of the Dakotas and of the immediate conditions and future prospects there, past president of the National Association of Credit Men, W. B. Cross, of Duluth, says:

It is true that there are a number of clouds in the business sky that can be seen from this locality, crops are none too abundant and the price of wheat is so low that the farmers will not come out even. But this country is not nearly so dependent upon wheat as it once was. Farmers are learning to rotate their crops, and the amount of live stock is now increasing. Each year the corn acreage increases in the Dakotas where they never used to plant anything but wheat. Some farmers lived all last winter on the proceeds of their dairies. The trouble with a good many is that a crop, other than grain, means work, and they don't like any too well to work. The wheat farmer used to work only six weeks a year, three weeks at seeding and three at harvest. The rest of the time he played pool because he didn't have even a garden patch or chickens—bought all of his butter, eggs, poultry and vegetables in Minnesota and used condensed milk.

Mr. Cross supplements this with a later letter in which he points out that his description of the North Dakota wheat grower is no caricature. He says:

You will notice that I used the past tense. There are some of the species still extant, but the majority have seen the error of their ways and are fast becoming *real farmers* and that is why I believe in the future of the Dakotas.

The situation I described, which to you might seem a caricature, was brought about by conditions that prevailed when wheat raising took the place of grazing, the buffalo and wild cattle killed off and the land plowed. The land was so fertile that, in spite of the small amount of the rainfall, in the average year thirty bushels to the acre was not an unusual crop. Few realized that the fertility of the soil would soon become exhausted unless properly worked and those elements put back into it that were taken out by the growing crops. Year after year they sowed wheat and sometimes didn't even take the trouble to plow but disced in the seed and trusted to luck. While we still find a few who persist in that procedure, fortunately for them and us, the large majority have changed or are fast changing their ways.

There is one good thing the non-par-

(Continued on page 18)

Foreign Business Better Handled

Helpfulness of Banks That Understand Foreign Trade

By L. R. Browne

International Western Electric Co., N. Y.

THERE is evidence aplenty to indicate that business in the United States is somewhat more generally awake to the possibilities of foreign trade. We are still a long way from possessing as a nation the "international mind"; but growing interest in those political, social and commercial affairs of men who reside in other lands gives hope that some day we shall attain this possession.

A sign that is especially encouraging is the noticeable trend away from the former attitude that transactions with foreign merchants could be entered into safely only upon the basis of cash with orders or firm letters of credit. Even the terms of sight draft against documents payable at port of entry are not nearly as common as they once were and sales on open account are not at all unusual. Time drafts payable at 60, 90 or 120 days' sight are common,—in fact quite the usual thing on shipments to certain countries.

The machinery, which has been set up through the medium of the Federal Reserve Banks and the big international banks maintaining departments devoted exclusively to the handling of transactions abroad, affords facilities to the exporter that assist him materially in realizing promptly on assets which are created by the shipment to his customers. Confirmed irrevocable letters of credit, of course, offer a highly desirable and absolutely safe basis for such sales, the same degree of safety being found as a rule in bank acceptances originated by the purchaser. Under this method the entire burden for financing is borne by the buyer, and the exporter assumes no risk whatsoever.

Drafts attached to shipping documents, contrary to an impression which seems still to prevail, are by no means free of credit hazard. Banks, however, where the credit standing of the drawer is adequate, will discount drafts so drawn, the possession or control of corresponding merchandise serving in a measure as underlying collateral. The credit standing of the drawee might also be and is in some instances taken into consideration; but in the majority of transactions the credit represented by the actual discounting of the documents is based upon the credit standing of the drawer.

Banks have been criticized sometimes because they are not willing to purchase these documents outright and turn over to the drawer the proceeds, less interest, charges and commission. Such an arrangement would, of course, be highly desirable from the standpoint of the exporter for it would relieve him immediately of any contingent liability, give him his cash without delay and facilitate a turnover in investment which would materially increase the net return on his invested capital. The bank under this arrangement, however, would be assuming commercial risks without the commercial profit which such risks are

supposed to carry and which compensate for the risk itself. Further, the advocates of the practice apparently lose sight of the fact that banks are not lending or employing their own funds for such transactions but are using money which has been deposited with them by their clients, and they would certainly not be justified in risking it without any sort of collateral protection when collateral was readily available.

Because of the contingent liability which is entailed in the discounting of drafts drawn abroad and the aversion to the creation and carrying of contingent risks, many firms do not discount but simply hand over their drafts with accompanying documents to their banks for collection and carry the investment to maturity.

There is a difference of opinion as to the economy of the latter practice. In some lines the cost of discounting which is borne in most cases by the shipper would so seriously curtail the gross profit rate which originally is small as to render the business itself entirely undesirable; but in the majority of lines it is safe to assume that the margin of profit is sufficiently wide to warrant the absorption of discount charges.

Interest on the deferred investment certainly should be considered as a part of the legitimate expense of a business. Where drafts are discounted, the interest is paid over to the bank. Where they are not, and are carried by the drawee, the interest charge might be considered as having been taken out of one pocket and put into another; but there is an intangible loss which is not always apparent, arising from the drawer's inability to employ the capital represented in his daily business perhaps on many transactions with further profits.

One New York exporter advocates that exporters insist upon their customers financing purchases in this country by means of bank acceptances which they themselves should originate through the medium of their own bank. His conclusions were based on the premise that the purchaser's bank was, because of proximity which gave better knowledge of conditions and acquaintance with the importer, in far better position to gauge accurately the purchaser's credit requirements and worthiness, than a bank located thousands of miles away in another country out of touch with all of the factors which might reflect upon the safety of the risk. It was stated that if the purchaser's own bank declined to grant the necessary lines of credit, surely the seller was hardly warranted in granting it.

Exception was taken by some to this line of argument on the grounds that banks abroad were not conducted along the lines of our banks in this country and that merchants in other countries would in a large measure object to any efforts to convert them to the practice. The chief difficulty in converting our

customers abroad to the practice would, it was said, lie not entirely in impressing the logic of the proposition on their minds as in the difficulty which they themselves encounter in affecting the necessary arrangements with their own banks. Many of these banks are unfamiliar with the mechanics of acceptance credits and regard such an operation purely as a guarantee of their customer's credit standing; and they appear unwilling to undertake such guarantee without an interest or commission rate which is out of line. Certain importers have offered to reimburse their customers for the expense incidental to the arrangement and, although successful in converting their customers to the idea, have been balked by the reluctance evinced by the customer's bank not because of the credit standing of the customer but because of unfamiliarity with the practice. In the course of time undoubtedly foreign banks will come to appreciate the desirability of this arrangement not only for themselves but for their customers but it will take some time without doubt to educate them. In the meantime the most economical method of liquidating the capital represented by such transactions is through the creation by the exporter himself of bankers' acceptance credits or, as they are known, "commercial acceptances." Of course these instruments carry a contingent liability but if one is satisfied and thoroughly assured that the credit standing of the customer warrants the risk, the contingent liability bugaboo is not so terrible, for in a large majority of instances the proceeds of drafts drawn under such an arrangement will reach the hands of the accepting bank prior to the maturity of the acceptance. Of course, the drawer of the draft and of the acceptance must be certain that he has allowed a sufficient margin of time between the maturity of the acceptance and the maturity of the draft to cover transit of original papers and return of proceeds, including the term of the draft on the customer.

Banks generally, particularly those maintaining a thoroughly well-trained foreign credit department, will be found not only ready but anxious to assist, by advice and service, concerns which are either actively engaged in foreign trade or are contemplating entering the field.

There are some differences of opinion as to the advisability of drawing drafts through the medium of one's domestic bank against the practice of drawing on the customer through a foreign bank; but the former practice seems to be largely in favor for the obvious reason that the bank abroad will perhaps exert itself just a bit more to serve its corresponding bank in this country than it would some unknown exporter of whose importance or standing it had little or no knowledge.

"Real" Farmers

(Continued from page 16)

tisan league did for North Dakota which perhaps offsets a number of the bad things it did to the state. Their control, during the years of inflation, in other parts of the country prevented any increase in land values, so that the Dakota farmer—and I think he can be called a farmer nowadays—is not burdened with mortgages based on high valuations, as are so many farmers in Iowa, Nebraska, Kansas and other states.

It is now clear that many parts of Dakota and Montana that are now under plow should have been left as grazing land because that is all it is fit for. As you travel west there is a diminishing rainfall until you reach the mountains, and it is only the exceptional years that

there is sufficient moisture to develop a crop in some sections of these two states. It has been proved by the state experimental farms that good crops can be raised even in those semi-arid regions provided a certain procedure is followed, part of which is that the land should be cropped only every other year. But there are only a few instances on record where that course is followed. Usually the farmers consider the advice of experts as theoretical and they put in a crop every year in the hope that it will prove an exceptional one and that sufficient moisture will be had to mature the grain.

The experimental stations have proven of value, however, because their methods are gradually being adopted, and another generation will give more heed to scientific processes.

Repudiators Are Sinners Circuit Judge Baker's Trumpet Call

By W. Randolph Montgomery

Counsel, National Association of Credit Men

AT occasional intervals, one of our courts hands down an opinion which for clarity and high moral vision becomes a milestone in commercial transactions. Such a decision was handed down by the United States Circuit Court of Appeals for the Seventh Circuit in the recent case of *Lagerloef Trading Company, Inc., vs. American Paper Products Company of Indiana*, reported in the *New York Law Journal* for May 19, 1923.

The question before the court in this case was the difficult one of the rights of a seller who had contracted to deliver goods in the future, when the buyer repudiates the contract prior to the time for delivery,—known in law as an "anticipatory breach." The law involving this situation has been surrounded by uncertainty and confusion ever since the doctrine of anticipatory breach was first formulated by the English courts in the case of *Hochster vs. De LaTour* (2 E. & B. 678-1853.) This doctrine briefly stated is that where a buyer repudiates a contract prior to the time of performance, the seller has an immediate right of action against the buyer because of the so-called "anticipatory breach."

In the *Lagerloef* case, the facts were substantially as follows:

The seller and the buyer had entered into two contracts for the delivery of pulp and sulphate in installments to begin some months after the execution of the contracts. Before the time for delivery arrived, the buyer notified the seller that it would not perform the agreement on its part, and disaffirmed the contract—an "anticipatory repudiation," or breach of the agreement.

The seller refused to accept the cancellation and notified the buyer that it would hold the buyer to the original agreements. It thereafter notified the buyer of the shipment of certain merchandise, but the buyer again repudiated the contract and refused to accept. The seller then commenced an action for damages for breach of the agreement, the action being commenced before the time for delivery of the last installment had arrived. In *replevin*, the buyer claimed that the seller had not made a tender of de-

livery in exact accordance with the terms of the contract, but that there had been a substantial variation on the seller's part, which relieved the buyer from any obligation to perform. (For a full statement of facts, see *N. Y. Law Journal*, May 19, 1923, Page 1.)

Circuit Judge Baker, writing the opinion of the Circuit Court of Appeals, decided:

1. That the buyer having repudiated the contract, the seller had a cause of action for anticipatory breach, which action could be commenced at any time after the receipt of the repudiation; or
2. That upon receipt of a cancellation, the seller may notify the buyer that he elects to terminate the contract without liability of either party to the other.
3. That the buyer having repudiated the contract, the seller was under no obligations to make any tender of the merchandise, and whatever tender was made was a gratuitous act on the part of the seller and a mere invitation to the buyer to repent and fulfill the obligations of the contract.
4. That in the absence of a retraction of the buyer's repudiation of the contract, the seller is obligated to prove only readiness, willingness and ability to perform in accordance with the terms of the original agreement.
5. That the seller being under no obligation to make a tender of delivery, the buyer could not take advantage of any variation between the contract and the deliveries tendered.
6. That the only effect of the seller's refusal to accept the cancellation offered by the buyer, was to keep the contract alive for the benefit of both parties to the extent of permitting the buyer to withdraw his repudiation at any time prior to the time for delivery.
7. That if the buyer withdraws his repudiation, the seller is entitled to count out the loss of time occasioned by the buyer's recalcitrance.

The Court states the law affecting the rights of the seller in the following quotation put in the seller's mouth:

"I refuse to accept your proposal of mutual releases. I am able and willing to go ahead with our arrangements as originally agreed upon, except that it may be necessary to count out the loss of time occasioned by your recalcitrance. This is the only 'election' or notice of my intention to which you are entitled. It is no concern of yours whether I sue you to-day on 'anticipatory breach' or on any other day down to the due date. If I do not sue you on 'anticipatory breach' you may take my action in that regard as a continuing invitation to you to repent. Indeed, I may from time to time down to the due date repeatedly urge you to repentance, but only in the interest of your morality, not to increase your immorality by permitting you to claim immunity through my courtesy and fair dealing. I am giving you the opportunity to repent, and in that sense I am 'keeping the contract alive for your benefit', but in no other sense. If despite your recalcitrance I do things looking toward performance, that is only to show my willingness and ability, for I realize that the law will not permit me to increase the damages by doing un-

(Continued on page 26)

Friends of Federal Reserve Credit Men Go On Record Again at Atlanta

By William Gregg

THE National Association of Credit Men went on record once more at its 28th Annual Convention at Atlanta as the strong and active friend of the Federal Reserve System. The Association's National and Executive Committees on Banking and Currency presented the following declarations, which were adopted by the Convention, in a report signed by R. J. Prendergast, Worden Grocer Co., Grand Rapids, Mich., Chairman, W. H. Pouch, Concrete Steel Co., New York, N. Y., and the other members of the committee; *Friends of the Federal Reserve System*

I.
The National Association of Credit Men recognizes how great is the service credit men can perform for the up-building and steadying of the nation's commerce by having a committee whose duty it is to keep the Federal Reserve System and its operations under close observation and establish such contracts with the managers of the member banks that we can be in a position to give them the views of those who are looking at the Reserve System from the outside and may get from them intelligent and well-informed understanding of the problems confronting the System.

II.
The Banking and Currency Committee should consider carefully ways and means of keeping before the public the main objects of the Federal Reserve banks and endeavor especially to bring about a better appreciation on the part of the public of the complicated problem comprehended under the term "reserves sufficiently liquid to be available to meet every emergency."

III.
The Association must ever set itself up as an obstacle to attempts that may be made by political or sectional interests to gain a foothold in the Federal Reserve Board, and must work sedulously to maintain the Federal Reserve System as to a national force which recognizes no one interest above another, but seeks to serve with a lively sense of its great responsibility the agricultural, industrial and commercial interests of the Nation as a whole.

IV.
The Banking and Currency Committee should continue its work for a unified banking system for the country as giving the best assurance of steadiness and stability. This 28th Annual Convention of the Association notes with satisfaction the progress being made in increasing the number of banks within the membership of the Federal Reserve System and urges the committee to give attention to ways and means of educating the people so that they shall demand that their banks, if eligible, shall be member banks.

The Par Collection of Checks

V.
The National Association of Credit Men must continue earnestly to sponsor the Par Collection system as one of the important services rendered American commerce under the Federal Reserve Act. Through the par collection we have attained for the bank check, which is in the main the currency of com-

An Era of Sharp Competition

By Edward P. Tuttle

Atlas Shoe Co., Boston

President, National Association of Credit Men

THE situation at the present time is a very complex one, and this is naturally reflected in the state of mind of the business world. There are many organizations representing different branches of industry, all of them working toward a common purpose. Yet the National Association of Credit Men stands out differently, and, in taking a survey, can more correctly diagnose conditions and foretell the immediate future, because our attitude is absolutely impartial. We are not selfishly interested in any particular industry, and work with an untiring zeal for the good of the whole of American commerce.

From that broad standpoint, therefore, as we forecast business conditions in our own country for the latter part of this year, it would surely seem as though fundamental conditions have become more and more sound; saneness and reason once more prevail; the halting period was the right kind of a breathing spell and furnished just the tonic needed for us to go forward for the remainder of the year with greater strides than ever. This is a tremendous country, an enormous market—over one hundred million people to be supplied with necessities of life, and also the comforts which make life worthwhile.

It is true taxes are very high, in some cases burdensome; that wages remain at pretty nearly the high peak; that overhead costs are stubbornly abnormal. But it is not fair to compare pres-

ent conditions with those of 1913, as everything is gauged on a different scale. Retail stocks are not above normal. Consumption has kept pace with production, and all indications point to a continuance of a good business for those who will get out after it. We are in a buyer's market, with all that the term implies—sharp, keen competition, and it will be a survival of the fittest. Those concerns who have sensed the situation and equipped themselves to fit in with these present conditions will record 1923 as a good business year on the whole.

Perhaps the most disturbing factor is the wide margin between the price which the farmer receives for what he sells and the price he is compelled to pay for what he buys. As he notes the prices farm products command in the cities, the farmer has a just grievance, and the consumer also has a just complaint as to high living costs. There must be a remedy found which will solve this problem and some of the best minds in our country are now working on it.

AIDS TO BETTER BUSINESS

In the present competitive era, two departments of our Association are doing heroic work, against great odds, which is helping materially to better conditions in the commercial world.

First, the *Investigation and Prosecution Department*. It has unearthed frauds which showed a completeness of

detail only possible under a master mind of great cunning. The principals in some of these operated in several states. It requires trained investigators to trace them throughout practically the entire country. Yet the net was woven which finally caught them, and they are now serving sentences in Federal penitentiaries. The Department of Justice at Washington has paid special tribute to the thoroughness of our work and the aid and help we have been to the Federal authorities.

Second, the *Adjustment Bureau*. These have saved creditors many thousands of dollars through economical administration of estates outside of bankruptcy. Perhaps the greatest work of all has been the *Extension Agreement plan*, whereby all creditors co-operating through the Bureau have eventually realized from 75 cents upwards on the dollar, saved the debtor's business, preserved him as a merchant and a continuing customer for the creditors. This has been an uplifting, constructive work of the highest type.

Other departments contributing in an equally important way, but from a different standpoint, are rendering service to the business interests of the country of incalculable value, and more and more is the National Association of Credit Men being recognized as an important factor looking toward the establishment of better business methods and higher business standards.

mercy, a freedom, directness, speed and economy of settlement of obligations never before enjoyed. We must not return in whole or in part to the anachronism of check collections through the correspondent bank system. Economy, speed and facility in operation must be sought in handling our vast check settlements, just as these qualities are demanded in all phases of business. We must continue vigilant against any or all attempts to weaken or modify the system or check collections which has come to us through the Federal Reserve and which is in record with the principles and practices of sound banking.

The Governmental Budget

VI.

This Convention expresses satisfaction in the progress that has been made in establishing firmly budget control in government finance, bringing order and control among departments where individualism and disorder previously ruled. It is hoped that the example set by the Federal government may be followed in all our state governments and eventually by industry in general. Experience points clearly to great savings that may be effected in budget control.

Credit Monthly Articles on Banking

VII.

Approval is given of the plan described in the Banking and Currency

Committee report for a series of articles in the *CREDIT MONTHLY* on banking principles and practices. The Association members at large are urged to assist the editor of the *CREDIT MONTHLY* in carrying through this plan.

Secret Assignment of Receivables

VIII.

This convention goes on record as approving the suggestion of the Banking and Currency Committee that the Association endeavor to bring about the appointment of a joint committee of the American Bankers Association and the National Association of Credit Men for a profound study of the question of the secret assignment and sale of accounts receivable, with a view to determine the meaning to our credit system of a wide adoption of this method of quickly liquidating an important business asset. We suggest that among the members of such committee our affiliated organization of members of the Association, the Robert Morris Associates, be represented.

Rural Credits

IX.

The subject of Rural or Agricultural Credits should continue to be one of close study by the Association in view of the fact that the working of the new Rural Credits Act will present serious problems as the instrumentalities of credit extension set up under the Act are being considered. Our attitude as

an Association could be one of constructive criticism and helpfulness.

Blanket Bonus for Soldiers

X.

This convention stands precisely where our conventions of recent years have stood, firmly against the Blanket Soldier Bonus. If the bonus ever had any justification, it has none today, since every man returned from service has had ample opportunity to find his place in civilian affairs and join with his fellows in the efforts for reconstruction. The interest of all and particularly of the veterans who returned from service able in body and mind should be centered on those veterans and their families who fared less fortunately, and we trust that the Association's members in their various home communities will join with veteran organizations in caring for the disabled sailors and soldiers and their families.

Represented at Harding Obsequies

THE National Association of Credit Men had the honor of being represented at the Harding obsequies at Washington. A special committee, representing the Association was in attendance, and was headed by National Director A. J. May. A wreath in the name of the Association was placed on the bier.



The Credoscope

By J. H. TREGOE

THE TREND OF PRICES

The lull in general business, which has been noted since June, results largely from an uncertainty as to future prices. Our people have not forgotten the experiences of 1920 and 1921 and do not want to be caught again with large stocks and lowering values.

In the Spring, a fear was felt that memory has lapsed, that we were again tending to over-extension; but the words of warning had taken effect and every tendency to inflation seemed to be checked.

It is difficult for us to hold a perfectly even course in a situation so highly involved as the present. We are apt to blow too hot or too cold when an evenness of temperament and an appreciation of business needs will promote a better flow of commodities and on a lower basis of cost.

Price is determined largely by the cost of production. Supply and demand are factors always, but no commodity will be produced 'o sell at less than cost, and it is the cost feature that dominates the price very largely. Just now, there seems to be no hope of reducing the wage cost, one of the largest elements in production. There is no chance, either, of reducing the taxation costs. Raw materials are not likely to sweep downward because the raw product is governed as to price very largely by the same costs that govern fabricated commodities. The cost of credit is the only one that has not advanced over the pre-war index, and of this I shall speak later in this month's Credoscope.

I cannot expect, when taking into account these various factors of cost, any substantial lowering of prices in the immediate future. Prudence in production and in buying are very wholesome in these days particularly, but it is a mistake to allow stocks of merchandise to become seriously depleted in the expectation of lower prices.

The courses of business are very interesting to work out. Beginning with the consumer and ending with the producer, of the raw material, we see the inter-relation of one factor to another, and can quickly recognize that business is in its soundest condition when there is a good demand for commodities founded on permanent employment and with no extravagant demand for either comforts or necessities.

If for the sake of indulging an extravagant temptation, the well employed man does not buy the usual wearing apparel and does with the old things so that he may pay for his extravagance, he is twisting the steady course of business and making it difficult for some fellow man to be employed. In a close scrutiny, one may discover his personal obligations in such matters. The consumer expresses this in the manner of his buying and his refusal to sacrifice comforts and necessities to extravagances. The retail merchant also has an obligation in buying as he needs goods, maintaining an evenness of stock and and not indulging the over-buying with the under-buying which merely interrupt the courses of the production, and increase the difficulties and costs of manufacturers.

There is much more that could be said on this subject, but in offering these brief comments I am endeavoring to enlist the interest of my readers in price tendencies, and the part that must be played by everyone in keeping the courses of business free.

THE COST OF CREDIT

Professor J. Laurence Laughlin in an article "Are Prices Coming Down?" in the August number of the Review of Reviews has this comment of special interest to credit men:—

"In analyzing the elements of cost which affect prices, we need mention only one more — the charge for borrowed capital. In this item, it is a satisfaction to find there is a tendency for it to decrease rather than to increase. Our credit machinery has been greatly improved."

That credit is not thoroughly understood even in high places we find evidenced when so distinguished a writer confuses this element with borrowed capital. We are led to emphasize the fact once again that credit is not capital; that the temporary or emergency financing of enterprises is a credit and not a capital transaction. The observation, however, that of all the costs entering into prices, the cost of credit has tended to decrease rather than increase, leads to the question why this has happened.

Back in the 'Nineties, like runners getting on their marks, production, distribution and credit were facing

what proved to be a long race. In 1900, when the nation went squarely on a gold basis, the development of our capital and credit powers advanced rapidly. Ingenious inventions were simplifying and economizing production. We were installing new ideas in distribution. In this nearly quarter of a century, credits have become more systematized and more controllable than production and distribution. The whipping into shape of the credit technique of the country went on so gradually and persistently that after a while it became accepted as a matter of fact and was subordinated in many minds to the more pressing problems of production and distribution.

It is well for the business men to remember just as the children of Israel were reminded many times of the goodness of their God, that our extensive commerce is indebted in the largest measure to that credit technique which the entire strength of the National Association of Credit Men is doing its utmost to defend.

The cost of credit has tended to decrease while other costs are rapidly mounting, and in large measure the reason for the steadiness of the cost of credit is found in the Federal Reserve System in whose hands so largely the banking and currency control rests. To injure the credit technique so laboriously and patiently built up will bring disorganization into business and increase the cost of credit. Not alone are the prevailing rates for borrowings no larger than in the pre-war days, but the bad debt losses are proportionately no larger; and the latter item must not be neglected in a consideration of costs. We are enjoying a credit technique far surpassing in excellence that of any nation in the world.

THE CASE OF WHEAT

"Dollar wheat" runs like a shiver down the backbone of our farmers, and as history repeats itself we find the farmer invariably turning to Government when prices and conditions are not right in his industry.

I began my credit work in the 'Nineties when cotton was selling at around five cents and the farmer was beset by too many discouragements that alliances of various kinds and pressure upon Congress were resorted to as the only means of relief. I have wondered at such times whether our legislators at Washington do not recognize that there are limits to Congressional power.

The prices of primary products are largely controlled by conditions in the international market in which the controlling factor is supply and effective demand. Wheat is raised in the six continents. Huntington & Williams, in their "Business Geography" show that in the five years preceding 1913 the average production of wheat in Africa was 77,800,000 bushels; in Asia, 513,600,000 bushels; Australia, 92,800,000 bushels; Europe, 1,805,500,000 bushels; North America, 893,800,000 bushels; South America, 185,000,000 bushels. Although the United States produces

more wheat than any other country, yet its total is only about 18 per cent. of world production, a proportion not large enough to dominate the price.

In the present year, estimating our probable wheat crop at 830,000,000 bushels, the yield will be a little less than eight bushels per person. Our normal consumption is at least six and a half bushels per person. Taking into consideration imported wheat, we should not have more than 25 per cent. of our yield available for export. If other uses could be devised for wheat, it is probable that we would consume our entire yield at home. With price controlled in the world markets, the producers of wheat must, therefore, concentrate on costs. Labor is difficult to control with so large a migration from the farms to the cities, though this migration has increased the purchases of foodstuffs. Other costs can be controlled, such as storing, marketing, etc.

The wise farmer will take heed of the economic laws that surround him and not leave the situation to the Congress or other legislative bodies. The lower the production cost, the better chances for net returns. I do not agree at all with one forecaster in a recent letter in which he paints a deplorable picture for the wheat growing sections. In the 'Nineties, the products of our farms never exceeded five billions in any year. After 1900 the value of farm products began to increase until the peak was reached in 1919 with \$23,800,000. The value of farm products for 1922 have been appraised at little more than fourteen millions, with wheat at \$1.00. I believe the value of our farm products this year will be around fifteen millions. In 1921, after the decline of 1920, the farmer was carrying a large burden in liquidating debts contracted during the flush period. The future was not appraised by the farmer any better than it was by some of our leading industrialists, so the change found him with many obligations to liquidate. Taking care of these obligations has given him but little surplus for replacements and to spend beyond mere necessities. These obligations, I surmise, have been largely liquidated, and there seems to be no reason why the general buying power of the farmer should not be a little better after the harvests of 1923 than in the immediate past.

J. H. Tregeoe

A Modern Accounting System

Methods Giving Credit Manager Prompt Information

By W. N. LePage

Knickerbocker Ice Co., New York, N. Y.

WHEN we are planning an accounting system we should have in mind not only checks and balances for proving accounts and methods of measuring the various departments of the business and their contributions to its welfare, but we should devise records that will reveal plainly and quickly the facts regarding the individual customers that the credit department must have to do its work efficiently. This leads us to ask what information the accounting department should have for the credit man.

A credit man in passing on orders, besides knowing the moral and financial standing of the customer and his probable ability to do successfully what his business requires of him, should have before him the following information:

1. How much business has the concern done with the customer in the past years?
2. How much does he owe at the present time?
3. How does he pay his bills?
4. Has he the habit of returning merchandise?

In addition, in the work of collecting accounts, the following questions are constantly coming up:

- a. When was the bill due?
- b. Is the amount correct?
- c. Did the customer receive the merchandise or was it lost in transit, or have there arisen causes of complaint?
- d. When (if at all) will it be necessary to place the matter in the hands of an attorney?

It is with the object of placing before the credit manager all such necessary information as these questions suggest that he may reach a well fortified conclusion quickly, that we will attempt a brief description of a system that has worked satisfactorily.

Because the credit department cannot always be located near the accounting department and because it is not good accounting practice to have the records leave the accounting department for any length of time, it follows that there must be built within the credit department, records that will answer all the questions mentioned above. This is accomplished by the use of a single fold card, 7x9½ inches when folded, which gives on the top, the customer's name, address, business and the date on which the account was opened; next is shown the credit rating, the terms, the credit limit, the banks or banks used by the customer, together with a space for remarks.

There follow five sets of columns in which is placed information pertaining to the date of invoices (amounts in dollars only) and the number of days payments were slow or anticipated, slow payments being entered in red and anticipations in black. On the face of the card is recorded the amount of business billed to the customer monthly (in black) as well as the balance due at the end of each month (in red). At



W. N. LePAGE

the end of the year the monthly sales are totalled and the result placed at the foot of the column. With this inflated from data prepared in the accounting department on bookkeeping and time-saving devices, the credit man can more intelligently check the orders which continually pass through his hands during the day.

It is true that this gives the record of daily remittances, but only monthly totals as to sales and balances. Where it is possible, and the accounting department maintains card Accounts Receivable ledgers a daily transcript of the actual condition of the account is possible so that the credit department can know what the exact condition of every account is every day. This is not, however, always possible in a mercantile house, and the former method is suggested as more readily workable in concerns of moderate size.

LOOSE LEAF BETTER THAN CARD

In order to answer the first set of questions, the accounts receivable ledger must not only show a daily balance in each account, but this balance must be proved, the ledger postings, as well as the posting being done, on a bookkeeping machine. A most acceptable form of ledger is the loose leaf type, with columns running the same as in an ordinary book, and not end-wise, as is sometimes used. In operating this method, the loose-leaf, rather than the card ledger system, is suggested in the belief that the cards are more easily lost or mislaid than the sheets.

On these ledger sheets are posted every morning the charges of the previous day, the total of all the postings agreeing with the total amount billed as shown on the proof sheet taken from the billing machine, thereby proving the accuracy of the work. The credits and payments are posted in the same way as the charges, except that red is used, and the items placed in the credit column. These postings are also proved with the credits issued in the billing department and recorded on the proof sheet, and the remittances as received by the Cashier, and proved with the entries in the cash book. Inasmuch as all additions and subtractions are made by machine at the same time as the figures are written, he can be certain that the balances are correct.

RECORD OF BANKS USED BY CUSTOMER

On the top margin of the ledger sheet is placed the name of the bank or banks used by the customer as shown by the checks received. As additional remittances are received, the banks on which they are drawn are compared to see if there is a change. This supplies a source of highly useful information to the credit man. It is for instance, of interest to note if a customer changes his bank connections often.

After all the posting for the day has been completed, the accounting department, with the aid of the remittance slips (to be described later in this article) places a matching number along side of the credit entry in the ledger, and the same number opposite the debit item or items which are being paid. These matching numbers on each account run from one to one hundred and then repeat. By matching the ledger in this manner, the credit manager can ascertain at a moment's notice when the items, which go to make the open balance, mature.

For collection purposes the credit department uses a duplicate copy of the bill sent to the customer. In addition to the other copies that are necessary to the accounting system, a white tissue duplicate of each bill (as well as each credit) is made for this purpose. These duplicate copies give the credit department all the detailed information pertaining to the shipment, such as, how shipped, case or package number, order number, terms, and the exact due date, based on the head date of the bill plus terms quoted, the due date being typed on each invoice, as well as the detail of each article contained in the shipment. As the amounts of all items billed are accumulated in one register on the billing machine and this total "cleared" from the machine to the ledger proof sheet at the end of a run, which is usually at the end of

the day, (to be matched with the total postings of the bills on the following day) it is known that all the bills have been correctly added. The use of the daily proof sheet also gives the assurance that all the charges and credits have been posted in the ledger, and that therefore the ledger balances must be correct.

SIMPLE BUT COMPREHENSIVE TICKLER SYSTEM

Working on the principle that credit man who is constantly after his money when it is due, is most likely to be paid first, a follow-up file (regular vertical four-drawer type) containing a folder for each day in the year and divided with monthly guides is established. In the folder covering the proper due dates, as shown by the invoices, are filed the white tissue follow-up copies of the bills. These folders and guides are rotated so that the current date is always in front; i. e., when the maturities have had attention, the

draft, such as a guaranty company issues, is sent and if this notice fails to bring the desired response, the threatened draft is forwarded to the customer's bank. If necessary collection by an attorney is then resorted to.

CREDIT DEPARTMENT INFORMED OF ALL REMITTANCES

In order to make sure that the credit department does not follow up items that have been paid, it is well to pursue the practice of having all remittances, or remittance slips, when necessary, pass through the credit department. The department then picks out from its follow-up file the tissue copies covering the items. These remittances, along with the white tissue copies, are then turned over to the cashier, who ascertains if he has received a tissue copy of each bill paid for by the remittance. If not, he removes from the follow-up file the missing ones, after obtaining the due dates from the ledger. It is imperative that every tissue

copy of the invoices paid be removed from the follow-up, so that requests for payment of bills that have already been paid may not be sent out. After these tissues have all been taken out, the cashier calculates the remittance, figuring on the copy of the invoice all the work pertaining to the discount and interest which have been deducted. In cases where a remittance covers more than one bill, all tissue copies are fastened together and the calculations, etc., as to how many days late or anticipated, are recorded on the top copy; and it is from this information that the credit department makes its records on the cards described in the beginning of this article.

It is reasonable to believe that a credit manager always advised as to up-to-date and proved information of this character, and depending on such close and complete follow-up methods of handling remittances, can hold losses for bad debts to a small fraction of one per cent. of net sales.

NAME		CHARLES OGILVY, LTD.						BUSINESS		D. G.		OPENED		2/28/18							
ADDRESS		OTTAWA, ONT., CANADA.						SALESMAN		20											
RATING		1921		1922		1923		1924		1925		1926		1927		1928		1929		1930	
TERMS		2-10-60X		LIMIT		400-500		BANK		Merchant Bk of Canada, Wash		St. N. Y. C.		Merchant or National Bk N. Y.							
REMARKS:		Draw draft through Merchant Bk of Canada																			
PAYMENTS		DATE		AMOUNT		ANT.		DAYS													
		5/17/11		79		8															
		5/24/11		55		7															
		7/7/11		155		16															
		8/24/11		45		6															
		9/23/11		30		7															
		12/1/11		84		5															
		7/26/12		109		7															
		4/15/12		250		8															
		7/10/12		139		14															

SINGLE FOLD CARD, here shown in part, supplies at a glance a large number of facts needed by the credit man.

folder which contained these white tissue copies is filed at the end of the year's folders. The follow-up copies of the credits are filled in the same cabinet but in alphabetical form.

At the end of the day, the credit department removes from the current day's folder in the follow-up file all the tissue copies of the bills that have not been paid, and refers to the credit file to ascertain if there are any credits that apply against such bills. This being done, statements covering the bills, minus any credits, are sent out, and the tissue copies of the bills and of the credits are filed under an advanced date which will allow for a reply in full mailing time, the date on which the statement was sent being noted on the duplicate of the bill.

These statements sent to the customer are marked "For comparison only." If a remittance is not received at the next follow-up date, a second statement is sent. If this statement brings no result, a short courteous letter, or perhaps two, are sent requesting payment, and advising the customer that if the item is not paid by a certain date, a draft will be issued. If, after the expiration of the time allowed, no reply is received, a formal notice of

Thomas Eli Blanchard Credit Man of Foresight and Courage

THOMAS Eli Blanchard, who was born in Walton, Tex., 1876, died in El Paso, Texas, June 4 of this year.

An orphan at twelve, he was thrown entirely on his own resources. He worked in a grocery store during the day to support himself and younger sister, and kept up his studies at night and at odd moments. He took care of his sister for several years until the time of her marriage.

He moved to Cleburne, Tex., in 1898 where he worked as bookkeeper for the J. J. Mickle Supply Co. In this position he had his first experience in credit work. In 1902 he moved to Fort Worth to take the position of Assistant Credit Manager for the Waples-Platter Grocery Company. One year later he was promoted to the position of General Credit Manager remaining with them until 1910.

He was prominent in Credit Association work, both in Fort Worth and Dallas. During his incumbency as president of the association at Fort Worth, the membership increased from 39 to

110. He rendered important assistance in framing the Receivership and Bulk Sales laws of Texas.

In 1917, because of failing health, he moved to El Paso where after a short rest he organized the TriState Association of Credit Men.

Although contending constantly with a fatal illness, he achieved remarkable results as Secretary and Manager of the El Paso Association. The Association is new and small, but it is firmly established and the results obtained in its adjusting and reporting departments are of the highest order. In fact during the past three years the adjustment bureau has shown a higher percentage of recoveries in estates handled than any other bureau reporting results in the same way to the National Office.

Mr. Blanchard not only established and built up the local organization, but possibly rendered his greatest service to the business community by preparing thoughtfully and carefully to have the work carried on with the same efficiency after his death.

Aside from his high ability he was a man of lovable Christian character, and was held in affectionate esteem by the entire membership at El Paso and by many other friends.

Successful Business Men Owe Debt of Gratitude

(Continued from page 16)

are willing to assist them all we can; but that it is impossible for us to see things the way they see them, to think in regard to their local conditions; and that under no circumstances can we interfere in their affairs. To interfere the way they think, in regard to their local conditions; and that under no circumstances can we interfere in their affairs. To interfere would at one stroke, eliminate America and has meant that no foreign nation would ever dare attack any nation on the Western Continent without the certainty they would all unite and jointly defend that nation.

Treaties, solemn obligations duly sealed, signed and delivered have proven mere "scraps of paper" in emergencies. They count for little.

Diplomacy is largely the mask for skilled evasion. The time has come to talk plain American. Say what you mean and mean what you say.

FARMER, LABORER AND BUSINESS MAN MUST WORK TOGETHER

Our internal problems today are squarely up to the farmer, the laborer and the business man, all of whom should unitedly work not only to enforce the present laws on our statute books, but to prevent unwise, tyrannical or foolish laws from being enacted.

A spirit of confidence and hearty co-operation will bring splendid results, and every man and woman in America should take an active interest in public affairs.

Every business man who has been successful owes a debt of gratitude to his state. He can best pay that obligation by faithfully and conscientiously serving, first at home on the various boards where he can be of inestimable help, then by going to the legislature to lend wise counsel in shaping legislation, not in behalf of any one interest, but for the welfare of all of our people. It will be a great day in America when patriotic people will unite in looking up to and respecting the business man in politics.

Aims of the Credit Men

J. L. Medler, Atlas Portland Cement Co., president of the N. Y. Credit Men's Association, in a recent issue of the Association bulletin sets forth the aims of the association as follows:

To promote the interchange of credit information.

To obtain improved service from mercantile agencies.

To promulgate ideas regarding the proper granting of credit.

To induce legislation for the promotion of honesty in business.

To guard against imposition and to prosecute fraudulent debtors.

To influence debtors to carry adequate and reliable insurance.

To assist in establishing uniformity in business customs and laws.

To unite Credit Men for co-operation in protecting mercantile credit.

To aid by precept, example and counsel, in removing causes that lead to financial failure.

To establish closer ties between business men, as well as between them and their customers.

Prosecuting the Commercial Crook

Where Court Officers Are Specialists

By Max Saloman

Asst. District Attorney, County of New York, N. Y.



Max Saloman

THERE ARE still commercial credit managers who do not seem to grasp the fact that when a concern with five hundred customers permits a crooked merchant debtor to impose upon it, the other four hundred and ninety-nine are encouraged to do

likewise. "But," some credit manager will object, "the law's delays are so great and court proceedings are so expensive that it really doesn't pay my concern to go after every creditor of ours whom we think is crooked."

My answer is this:

Even where litigation is expensive, even where the preliminary work is great and you must put in much of your own time in following up a case, even where the delay is long and you are shunted from one court to another, "Go to it, Mr. Creditman!"

Only in this way can you discourage the dishonest merchant debtor and, what I consider even more important, only by being relentless and thorough with the crook can you be fair to your honest debtors—the people from whom you get the greater part of your business.

The credit man who lazily accepts without investigation the proposals

made on behalf of delinquent merchant creditors is tending to make crooks out of merchants who might otherwise keep straight. This is a grave charge against the weak credit man; but my experience in prosecuting the cases handled by the Commercial Frauds Division of the Magistrate's Court in New York City, has put me in a position, I submit, to know whereof I speak.

District Attorney Joab H. Banton, secured from Chief Magistrate McAdoo the assignment of Magistrate George W. Simpson, who is continuously trying the cases of fraud that come before the Frauds Court. As prosecuting attorney I have come in contact not only with the cases tried, but with many instances of commercial fraud or alleged fraud, and I cannot put it too strongly when I urge credit men wherever they may be, to use the maximum amount of back-bone when they are dealing with commercial crooks. To my mind the business community owes to the honest merchant a fair opportunity of doing business. We must not let the honest merchant suffer from the competition of the dishonest merchant.

HARDSHIPS FOR THE HONEST MERCHANT

In the matter of securing credit the lying merchant, if not checked up and shown up, may get twice as much credit as the merchant who will not falsify his statements as given to the credit men and to the commercial agencies. Yet the net worth of the two rival merchants may be exactly the same.

The falsifying merchant will be able to undersell in a ruinous manner his honest competitor.

The above applies merely to false statements. Even more striking is the advantage of the successful crook who frequently does not pay anything at all for the goods which he receives and sells.

The crooked merchant debtor who is not prosecuted with sufficient vigor shakes the whole fabric of the credit world. He is more dangerous to the community than the highwayman or the burglar. Although the burglar may injure an individual with his family, the commercial crook piles up the aggregate bad debt loss. This of course must be absorbed somewhere and ultimately comes out of the pockets of the people who buy and use the goods. The commercial crook, furthermore, breaks down the moral of the entire business community.

A great step forward was taken when a year ago the Commercial Frauds Court was opened in the Criminal Courts Building, Center Street, Manhattan. Impartial observers declare that in the weekly sessions of this court a fine piece of commercial sanitary work is being done. There is little excuse for a man not to come to the District Attorney's office with cases that deserve prosecution because there, and in the court itself, he will find prompt action, a wide experience in similar cases and the capacity to go into a commercial case and put it through effectively.

The credit man in New York no longer

Courtesy and Dispatch Watchwords in Frauds Court

A YEAR'S EXPERIENCE with the Commercial Frauds Term of the Magistrate's Court of the City of New York has demonstrated that this innovation in criminal procedure in cases of false financial statements and similar commercial crimes, is of the utmost value in protecting business men against the depredations of those who prey upon honest business.

It is regrettable that the court holds its sessions only once a week instead of daily; but despite this handicap, the court has, during the past year, made a notable record in cases of fraudulent commercial practices. Attorneys and credit men, who have had occasion to present complaints to the Commercial Frauds Court, have found the Magistrate Simpson and the Assistant District Attorney Saloman ready at all times to give them a courteous hearing, and cases have been undertaken and disposed of with a dispatch which was formerly impossible under the cumbersome system which prevailed until the institution of this special tribunal.

Inquiries have reached me as counsel for the National Association of Credit Men from other cities concerning the operations of this court; and it is not improbable that the success which has attended the Commercial Frauds Court of New York County will encourage the establishment of similar prosecuting agencies in other jurisdictions.

The existence of a special court for the trial of commercial crimes, efficiently and energetically administered, must inevitably prove a deterrent to the commission of such offenses.

W. RANDOLPH MONTGOMERY

er has to deal with court officers who are not specialists in commercial fraud; he no longer has to have his case before a magistrate who rotates from one district to another. This rotation necessitates the traveling perhaps from lower Manhattan to the Bronx of credit men, witnesses, bookkeepers, documents, etc.

FRAUDS COURT DESERVES TO BE MADE PERMANENT

Those who have observed the operations of the Commercial Frauds Court are convinced that it should be made a permanent one, and that it should

have proper facilities for prosecuting all appropriate commercial cases. It should be made possible for the court to hold daily sessions instead of one session a week.

The method of procedure is that I personally first investigate and present the facts before the Magistrate. I am frequently able to suggest to those who come to my office methods of clearing up their cases even without litigation.

Prosecution in the Commercial Frauds Court is commenced by the is-



District Attorney
JOAB H. BANTON

suance of a Magistrate's summons, which requires the defendant to appear before the Magistrate for the purpose of making an investigation of the crime charged. After hearing the evidence, the Magistrate either dismisses the complaint on the ground that there is not sufficient evidence to indicate that a crime has been committed, or in case he finds that there is sufficient evidence to justify detention of the defendant, the defendant is held for trial at the court of Special Sessions.

I am glad to have this opportunity of expressing to the credit men of the United States some of my opinions on the subject of commercial fraud; and I invite the credit men in other communities when they are in New York, to examine the operation of the Criminal Frauds Court here. It may be that what is being done here will be of interest to business associations which are endeavoring to have similar specialized tribunals set up in their own communities.

Foreign Drawees' Record An Automatic System

By Allan Lee

First Federal Foreign Banking
Association, N. Y.

FOREIGN banking, especially export banking, establishes a relationship between the exporter, the bank, and the drawee. Ordinarily the bank finances with recourse to the exporter, relying on him to know the credit of his customer. Often the bank knows nothing at all of the credit standing of the drawee. The bank knows the exporter and presumes that the exporter knows his drawee, but the bank does not know the drawee. This relationship can best be shown by a triangle, one side of which—that which connects the bank and drawee—is so faint as to be scarcely distinguishable.

It may be argued that recourse to the exporter is sufficient. In practice there is no denying that this principle works well, but to the careful credit man it is apparent that every element of a proposition that can be ascertained should be known. A proposition with features obviously lacking is certainly not as strong as a proposition with all features complete.

In my bank, we have made a point of accumulating an accurate record automatically of every export collection. All collections are typed on a fanfold making nine copies at one time, as for instance, an original, a duplicate, copy for customer's file, payment advice remittance received, tracer, credit department, etc. One of these copies is filed under the drawee's name; another copy is filed among the exporter's outstanding collections; both copies bear both names and therefore they cross-reference perfectly.

By referring to the drawee's copy, the exporter's name can be located, and in his envelope of outstanding or paid collections, or correspondence files, every bit of credit information that has ever reached the bank regarding the particular drawee is kept. This includes cable advices of acceptance, dishonor, failure, or any other detail, as well as all correspondence had by the bank regarding the subject. The exporter himself is at least one reference on the drawee and if there are other references the fanfold system brings them quickly before the Credit Man. Thus, not a scrap of information relating to a drawee that comes into the bank's possession is lost in the customer's files, but is alphabetically placed at the disposal of the credit department. Accessibility to credit information is thereby multiplied enormously, extending to thousands of drawees all over the world.

The advantage of this system is that it is automatic and there is no clerical work whatever beyond filing the drawee's fanfold copy. Collections have to be typed anyway and it is all done at one fanfold stroke.

It seems a pity that any credit information ever reaching a bank should be lost in the customer's files. The system which I have devised completely obviates this weakness and makes all information accessible to the credit department.

Enclosures for the Credit Man's Correspondence

THE NATIONAL ASSOCIATION of Credit Men, 41 Park Row, N. Y., has received from the press two cards intended for enclosures with the credit man's mail. One treats of cancellations of orders and sales contracts and the other of the importance of proper insurance carriage.

Samples of these cards will be sent on request.

Have You A June Issue?

The Editor wishes to thank those readers of the Credit Monthly who have sent in their issue of the June number. Urgent requests for this issue continue to come in and any other reader whose June issue is not needed for filing will confer a great favor by sending it to the Editor of the Credit Monthly, 41 Park Row, New York.

Repudiators Are Sinners

(Continued on page 18)

necessary things. And finally, if by the due date you have not repented, I shall then and thereafter count on what had stood as your continuous anticipatory repudiation as having ripened into a completed breach."

A LIVING, PULSATING FORCE

The decision continues in the following language, which deserves to be broadcast throughout the country in the interests of honest business:

We say that in our judgment the law should so pronounce, because the law should not be regarded as crystalized strata of a dead past, but as a living force that pulses in response to preponderant convictions of morality. Commercial

law should reflect commercial morality. Over the portals of commerce no longer swings the ancient warning. Associations of commerce, leagues of advertisers and of advertising publishers, courts of equity developing rules of fair trade, and the people through their representatives in Congress setting up a commission to promote and emphasize commercial morality in a broader sweep than is possible for courts—all these help to make plain the preponderant conviction of to-day. Repudiators of fair and solemn and binding promises are commercial sinners. If they are unrepentant, courts should hold them to the full consequences of their sins. While promises should be encouraged to hold open the door to repentance, courts should be vigilant to see that repudiating promisors do not use that very door as an exit to immunity.

Judgment was directed for the plaintiff.

Tests for the Credit Seeker

Can the Psychologist Help Us?

By C. O. Weber

Professor of Applied Psychology, Univ. of Nebraska

PSYCHOLOGY AS A PART of the general subject of philosophy was for many years a field for speculation and not for experimentation and research. Today experimentation and scientific research are employed in psychology as they are in other scientific fields. The result is that we are beginning to apply the knowledge that psychologists have obtained to the solution of our human problems. One of the interesting developments in this regard is the application of psychology to business. This brief article gives an indication of some of the results already accomplished and is suggestive as showing a tremendous field that ultimately will be covered by this newest of our sciences.

—THE EDITOR.

"SO far, so good," exclaimed the man who fell from the top of a high tower. His comment was excited by the warm, caressing air which first greeted him. Alas! His hasty optimism is not unlike that of novices who for the first time find themselves in the similarly warm and caressing air that prevades the business world. Amidst so many smooth tongues, how is one to know which ones speak truly? The fact of character is as surely at the foundations of business as it is of the state; and to read character aright is the crying need, since Adam was misinterpreted.

But beyond the rather modest result that "man is fearfully and wonderfully made," we have been for centuries without light on the enigma of character. We can measure the intelligence and information of a subject with simple rules of thumb. But the secret spring of motive is doubly hidden. We may with some success hide our ignorance from others, but our motives are hidden even from ourselves.

Yet, thanks to undaunted science, we have at least some glances at the "inside of the cup." With no more than a stop watch and pencil, experts have secured confessions that make the third degree method look like stupidity.

Suppose that a criminal is convicted, but that he hides the identity of an accomplice. He exhibits that curious trait called "honor among thieves." Neither threat of punishment nor hope of reward will induce him to point out his companion in mischief. Yet, a rubber bulb, tube, and kymograph may cause him to point unerringly. The

method is as follows: The kymograph is an instrument which registers on smoked paper any feeble movement of the object to which it is connected. Suppose that this instrument is arranged to register the changes in air pressure which can come from a rubber bulb. Place the rubber bulb in the hands of the criminal, confront him with the suspected accomplices one by one. When his gaze falls on the right one, he will obey the innate impulse to grip the fingers—and the thing is done.

But the market place and the business world need to pick men of good traits as well as discover the bad ones. What test, for example, will enable you to pick the most aggressive applicant for a position out of a number of them; or an applicant for credit? Can you rely on mere facial appearance? A careful test carried out by the Carnegie Institute of Technology shows the contrary. A large department store furnished good photographs of 69 employees. Twelve judges, specially trained in psychology, were asked to grade these faces as to intelligence. These judgments agreed so poorly with the actual mental calibres of the subjects as determined by mental tests, that facial expression and appearance were proved unsafe guides. Sixteen of the subjects were judged to be both in the highest grade and in the lowest grade of intelligence by various judges. People who rely on facial expression to judge intelligence rely only on their personal whims. Alfred Binet proved again and again that a school teacher cannot judge the intelligence of his pupils from their appearance and outward behavior. The same is perhaps even more true of temperamental traits. No doubt extreme saints and sinners may sometimes express their true characters in every lineament, but what of the bulk of human beings that we meet from day to day? We must confess that their faces may hide just as much as they reveal.

TESTING FOR AGGRESSIVENESS

Yet, there are some experimental tests that show surprising accuracy in detecting certain traits. Dr. Woods, the psychologist, has demonstrated a more fruitful way of discovering the aggressive individual. At Dartmouth College thirteen men were selected known to the students and faculty for

(Continued on page 32)

Pants Maker Seeks Aid from Congress

THE hopeless jumble that our legislators would get us into if we yielded to their clamorous demands for special attention was brought out in a recent editorial in the "New York Tribune" which is written around the following letter addressed to the editor:

Sir: I manufacture pants, and the market at the present time is glutted with pants. I want an extra session of Congress called at once to pass laws directing the government to finance our over-supply. We cannot sell at the present time except at a loss.

Senator-elect Magnus Johnson and Senator Brookhart favor the government financing the wheat crop and the calling of an extra session, and even our Senator Copeland in a speech stated that the farmers of the West should receive government aid.

Pants are just as much a necessity as wheat. You can go hungry for a while, but you can't go without your pants.

Now, if the government helps the farmer with his surplus wheat and doesn't help me, I am going to sell out, buy a wheat farm, and then I won't have to worry if I get overstocked and the price drops.

Yours desperately,
PANTS.

Life has its vicissitudes: Sometimes they bring fortune and ease and later stress and disappointment. No man can escape the results of changes of conditions; no industry can escape them; they are not confined to the agriculturist; they come also to the manufacturer of pants.

Shall we fly to the arms of the government whenever the vicissitudes of life are against us? What confusion, what a jumble, what a scramble for protecting arms there would be!

The words of the lamented Harding resound in our ears calling upon his fellows to think not in blocs but in terms of America, not to organize as an industry or section to hold up all the rest of the country that the one industry or one section may make good its escape from the vicissitudes of life that happen at the moment to press hard.

Service an Adjustment Bureau Can Render

By C. H. Woodworth

THE Wichita Association of Credit Men report for the fiscal year ending with March, discloses a healthy condition and a profitable year. While the association has but 129 members, and 84 Interchange Bureau subscribers, the total income for the year was approximately \$29,600, with a budget of \$27,600. The year was closed with assets of \$10,600.

The Adjustment Bureau closed forty-five friendly trusteeships with a total of \$271,985.31 of claims filed, upon which \$98,233.69 was paid in dividends, an average of .36117 to creditors. The bureau closed thirty-six trusteeships in bankruptcy, involving liabilities of \$229,416.14, on which dividends of \$38,944.75 were paid to creditors. The Interchange Bureau cleared 23,202 inquiries and furnished 32,166 reciprocal reports, or a total of 55,368 reports for the year.

All this was made possible through the determined efforts of M. E. Garrison, its manager, to render the best service and through the unstinted efforts of supervision and cooperation on the part of the local officials.



Actual photograph of Burroughs Calculators in office of J. T. Connor Company, Boston Mass.

Still another Firm says "satisfied" — and here's why

"THE machine is giving us entire satisfaction at a much lower initial cost," writes the John T. Connor Company of Boston, Mass.

"We use it to extend inventories, to extend and verify invoices, and we have found that it is of great assistance in the Bookkeeping Department for trial balances, etc.

"It has been very gratifying to us to know that we can get out more statistics at a lower cost with its use. The Burroughs Calculator actually does about 90% of the work required to make up our various statistics and reports.

"Our operators like the Burroughs Calculator because of its simplicity, ease of operation and light weight."

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Put the Burroughs Calculator to work on **your** problems.
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SAFEGUARDING YOUR BUSINESS

Against Unexpected Depressions can easily be done by following our new plan of creating a reserve fund without disturbing, to any material extent, the present profits of your business.

We have issued a special pamphlet outlining this plan of exceptional interest to business men.

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Our Transportation Problem

New Institute to Treat It Scientifically

By H. R. Heydon

TRANSPORTATION is perhaps the greatest national problem confronting the people of the United States. It relates to and affects practically all other national problems and especially those touching on the essentials of living. The fact that agricultural production is sufficient to feed the population of the nation would be of no significance if the transportation means to bring the food to the people who require it were lacking.

It is not surprising that the farmers should sense the vital importance of adequate transportation and set about to provide for a general understanding of the situation. They feel that transportation is not only indispensable but that the public should realize that its problems are their own, and that they must deal with them intelligently or suffer. The great lack seemed to be that there was no institution to teach the public about transportation, and furthermore little organized information on the subject.

There was apparently an abundance of machinery for the gathering of statistical data with reference to the principals of and the facts regarding

the production of all things used and consumed, and the dissemination of such information to acquaint hundreds of thousands of persons with all kinds and phases of production. The practical value of scientific research in agriculture had been amply demonstrated by (1) the Federal Department of Agriculture, (2) the American Society of Agricultural Engineering, which is constituted of agricultural colleges, and (3) the Farm Bureau organization. It was a logical step to utilize the same scientific method for the solution of the transportation problems.

At the National Agricultural Conference held under the auspices of the Department of Agriculture a report was adopted which recommended the establishment independently of governmental financial aid, of a National Transportation Institute under the supervision of men who stand pre-eminent throughout the United States for their knowledge of transportation and their known integrity, including an adequate number of representatives of agriculture. Such institution was to conduct, through the ablest and most experienced men obtainable, research into all phases of every type of transportation including the present condition of each, to determine upon what basis the various types of transportation can be co-ordinated to the best advantage of all concerned.

It was then to give the advantage of its findings, free from all bias, to the public.

Later, the Joint Commission of Agricultural Inquiry of Congress, included in its exhaustive report the following recommendation:

"That imperative need exists for the organization of the statistics and knowledge of transportation and its relation to agriculture, industry, trade and commerce, through the establishment of private research and educational institutions under disinterested auspices, for the purpose of promoting education in the principles, operations and practices incident to transportation."

Other bodies were quick to grasp the significance of these recommendations and, recognizing that the American people and their agricultural commercial and industrial interests were dependent upon transportation, approved the purpose of the proposed institution. It was in response to what had actually become a popular demand, therefore, that the National Transportation Institute has been organized under the laws of the State of Illinois, with principal offices in Chicago and investigative offices in Washington.

The Institute will have a two-fold purpose, and will function through two distinct divisions: *The Research Council* to gather, collate, digest, interpret and present the facts touching all forms of transportation, to ascertain the relationship of transportation agencies to each other and to Agriculture, Industry, Finance, Trade and Commerce; and the *Public Relations Department* to convey the facts thus acquired and the conclusions reached in an understandable way to the pub-

(Continued on page 30)

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Comptometer department in office of Yellow Cab Co., Chicago

Yellow Cab's big payroll job made easy with the Comptometer

In Chicago, "Yellow Cab" stands as a synonym for low taxi fares and satisfactory service.

The secret of this success lies in the spirit of team work existing between the Yellow Cab Company and its 3500 drivers.

Service begets service. What the Company does for its men is reflected in the service they, in return, render the public.

Thus, when the drivers asked for a weekly pay-day their request was promptly granted. It meant more work—much more in this case—for the Yellow Cab pay-roll involves four times the work of an ordinary straight wage pay-roll, being complicated with bonus, profit-sharing and other features of distribution.

Yet the Yellow Cab, with the battery of 18 Comptometers shown in the picture above, get the figures out on time with a minimum of effort and expense.

"Our entire system of pay-roll and statistical work," says Mr. Huttel, the Comptroller, "is built around the Comptometer. We have used it with excellent results since the Yellow Cab first began business. Our operators strongly favor the Controlled-key because of the security it affords against errors from partial key-strokes. Its automatic action relieves the strain of watching for such faults and enables them to work faster."

Whether your problem be pay-roll or anything else in which high speed adding and

calculating is essential to economy, let a Comptometer man come in and talk it over with you.

For over 35 years the Comptometer has stood at the head of its class

It has been said of this or that machine that "it is like the Comptometer;" that "it works the same as the Comptometer;" or even that "it is as good as the Comptometer."

But how seldom, if ever, have you heard anyone claim for any machine that it is "better than the Comptometer?" Thus, the Comptometer is tacitly recognized as the standard of excellence in quality and performance for adding and calculating machines of its type.

Felt & Tarrant Mfg. Co., 1717 N. Paulina Street, Chicago, Illinois

If not made by
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Comptometer

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ADDING AND CALCULATING MACHINE

Only the
Comptometer
has the
Controlled-key
safeguard

ANNUITIES

Provide the best way of securing the highest assured income during the life of an individual.

Ordinary investments yielding high rates of interest are hazardous, whereas SAFE securities return a much smaller yield.

Annuities issued by the John Hancock Mutual Life Insurance Company not only yield the highest possible income but afford the maximum security.

Annuities—single payment for old people, annual payment for young people—can be obtained through any agent of the

John Hancock
MUTUAL LIFE INSURANCE COMPANY
of Boston, Massachusetts

Sixty-one Years in Business. Largest
Fiduciary Institution in New England

Our Transportation Problem

(Continued from page 28)

lic with the definite object of aiding the people of the United States in promoting, co-ordinating and maintaining the most efficient transportation facilities.

The activities of the Institute will be conducted under a Board of Directors of fifty-two, so chosen that as far as possible there will be four each representing Agriculture, Banking, Forestry, Labor, Manufacturing, Mining, Public Utilities, Trade, Highway, Railway and Water Transportation and not more than eight members at large. The Board is to elect the officers of the Institute and from its own number elect an executive committee consisting of one representative of each of the groups specified. By a two-thirds vote it is to elect each member of the Research Council of fifteen.

In order to avoid all possibility of having the work of the Research Council influenced by the viewpoint of the members of the Institute, the reports of all investigations, when approved by a majority of the Research Council, are to be submitted to the President, who, in turn, will give the information to the public direct, or through the machinery developed by the Department of Public Relations, and the Institute will disseminate such information regarding transportation which shall be based solely upon the findings and approvals of the Research Council. It has been specifically provided in the by-laws that the Institute shall not in any way become directly or indirectly representative either of transportation agencies, producers, shippers or any special group or groups, but that the Research Council may co-operate and co-ordinate with such other research institutions as may be deemed trustworthy in order that the work of the Institute may be conducted in an absolutely impartial manner.

Many of these organizations actually engaged in studying certain phases of the transportation problem have performed exceedingly valuable services. The conclusions of their investigations, interpreted through their respective ways and means of acquainting the public, have been most helpful in showing

(Continued on page 36)

Foam from the Three C's

Many things are incongruous in Congress.

cCc

There was a man in our town whose wiseness was no ruse,
He jumped into a lot of debt, scratched out his I.O.U.'s.
And when his I.O.U.'s were out and payment very late
He jumped into a bigger debt and straightway—jumped a freight.

cCc

FOAM has arranged a special radio program for credit men. Arrangements have been made to give this at an early date, and it will be broadcast from Station B.U.N.K., wave length 2-10-net-30.

THE PROGRAM

- | | | |
|------------|--|---|
| 7:00 P. M. | —BAD-TIME STORIES | By a Prominent Pessimist |
| 7:01 | —Solo, "YOU MADE ME WHAT I AM TODAY" | By a Wealthy Commercial Crook |
| 7:25 | —Lecture, "WILD ANIMALS I HAVE KNOWN" | By a Chronic Attender of Conventions |
| 7:50 | —Quartette Selections, "Sue" | By the Shyster Four |
| 8:00 | —Solo, "BRINGING IN THE THIEVES" | By Zephon West |
| 9:15 | —Selection, "MARCHING THROUGH GEORGIA" | By a Chorus of Boll-Weevils |
| 9:30 | —Mouth Organ Duet, "AIN'T WE GOT FUNDS" | By Two Bankruptcy Attorneys |
| 9:40 | —Address, "ARE CREDIT MEN HUMAN?" | By a Salesman |
| 9:40½ | —Solo, "ASSETS IN THE COLD, COLD GROUND" | By He Who Got Strapped |
| 9:50 | —Solo, "I AM ALWAYS CHASING RAINBOWS" | By a Well-Known Economist, accompanied by Three Statisticians |
| 10:00 | —Ukelele Selection, "GOOD NIGHT!!!" | By an Exasperated Creditor |

FOAM is glad to announce to its readers that it has acquired the sole publicity rights in the speech by the Right Honorable M. T. Bean delivered before the Credit Section of the Annual Convention of the Cigar Store Indian Manufacturers Association.

The verbatim report of this able address is given below:

"Mr. Chairman, ladies, gentlemen, and members of the Convention:

"I consider it a most distinct honor to appear before you today. My pleasure and gratification at this overwhelming privilege you have granted me is only overshadowed by my natural timidity at appearing before such an august body. (Applause.)

"Before proceeding with my subject, I want to say that I am not a credit man (laughter) nor do I know anything about credit. (Snickers.) I think it is only fair to tell you this before continuing (scuffling of chairs); as a matter of fact, you are all credit men, and should know everything about credit. (Moans.) Again I say, it would be folly for me to tell you—the experts on credit—anything about credit, particularly as I know nothing about it myself. (Groans)

"Credit, as you all know, is a great thing; I might even say, a very great thing, and the only way to increase its greatness is to make it greater. (Cat-calls.)

"Now that I have given you my idea on this stupendous subject, the responsibility for whose discussion lies so heavily upon my shoulder, I would ask your indulgence in discussing another subject which is of extreme importance to our nation.

"I am running for Congress next year for my second term, and I know that every man present will want to support a candidate with such an able grasp of economic subjects and one to whom the reins of government may be safely entrusted. (Sound of falling pennies.)

"I thank you one and all for the support which I know will be forthcoming, and want to again express my thanks for the honor which has been bestowed in allowing me to address such a group of intelligent business men.

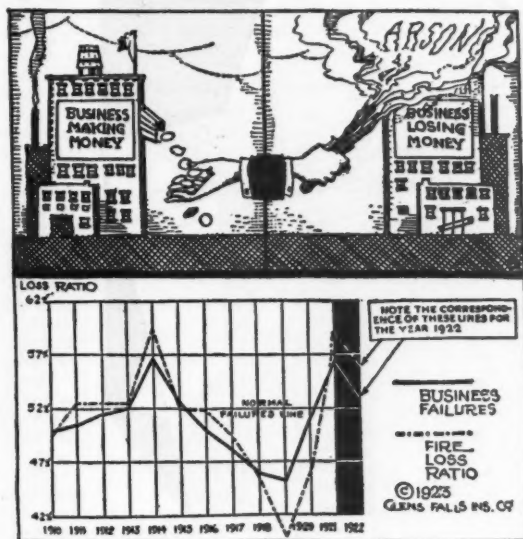
"Mr. Chairman, I thank you." (Crackling of egg shells.)

R. B. T.

"Arson Is as Contagious as Smallpox!"

Insurance Men Must Cooperate to Stamp Out This Great Evil

(Here is the way our recent chart appears to a newspaper artist)



THE widespread discussion of Moral Hazard created by the Glens Falls "Amazing Chart" of last November has been revived and intensified by its still more amazing "Sequel," published in July.

This has been commented on by many newspapers and magazines. In its Bulletin for August, 1923, the National City Bank says:

"This showing is startling, for it reveals the shameful fact that incendiarism is an enormous factor in the fire losses of this country. It presents a disgraceful record of fraud and waste in American business life"

One man who probably has been responsible for the conviction of more fire-bugs than anyone else in the United States, after commending the Glens Falls Insurance Company for bringing this subject so prominently to the attention of the public, adds:

"The crime of arson is as contagious, perhaps, as is smallpox and consequently, the hasty payment of losses sometimes leads to very unsatisfactory conditions. A prominent insurance man recently stated that at least \$2,000,000 of the \$8,000,000 fire loss in his city was due to arson, over-adjustments and hasty payment."

"Arson Squads" are now being established by the Police Departments of several cities. But they cannot operate effectively unless aided by the local insurance agents and credit men who are in the best position to recognize fraudulent intent.

All public-spirited insurance and credit men can help to grapple with this National problem by promptly reporting to their local authorities every suspicious case.

Why not form an Insurance and Credit "Arson Squad" in Every Locality?

Glens Falls
INSURANCE COMPANY
GLENS FALLS, N. Y.

E. W. WEST, President H. N. DICKINSON, Vice-President F. M. SMALLEY, Secretary R. C. CARTER, Treasurer J. A. MAYON, F. L. COWLES, H. W. KNIGHT, Assistant Secretaries

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From whom we have _____

ALL INFORMATION WILL BE CONSIDERED STRICTLY CONFIDENTIAL

Yours truly, _____

ORDER FOR \$ _____

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SOLD SINCE _____

Terms _____ To _____

Largest amount owing recently \$ _____

Total amount now owing, . . . \$ _____

Amount past due, . . . \$ _____

Other information _____

MANNER OF PAYMENT
ANSWER—YES OR NO

Remittance	
Prompt and satisfactory	
Slow but collectible	
Slow and unsatisfactory	
Days slow	
Sample C. O. D.'s promptly	
Settles by Trade Acceptances	
Amount secured	
Notes paid at maturity	
Makes export claims	
Collected by attorney	

RETAIN THIS FOR YOUR FILES

GIVE YOUR EXPERIENCE ON ATTACHED BLIP

Standardize Your Credit Information

"The establishment of credit interchange and ethical standards of interchange has saved our business men immense sums and made possible the disposition of the unworthy and dishonest with least effort." So says a leading banker.

When you use the Standard Reciprocal Trade Inquiry blanks you use the accepted, courteous method of obtaining credit information direct from your fellow credit man. They save yours and the other man's time—put all credit information on a systematic basis and speed up the entire process of gathering information.

Last year millions of these time saving forms were used by credit men all over the country. The more they are used the greater the benefit to all credit men because of the increased efficiency throughout the entire credit system.

Please send me _____
Trade Inquiry blanks at the
price stated below.

Address _____

Price: 500—\$3.50; 1,000—\$6.60;
2,500—\$6.60 per thousand less 5%.
5,000—\$6.60 per thousand less 10%.
Prices include delivery.

The Association's large printing orders bring the blanks to you at a low price. If you have not already adopted the Standard Form, we urge that you do so, giving us a trial order. You may order on the space at the left.

Test for the Credit Seeker

(Continued from page 26)

their fearless aggressiveness. Another thirteen were selected equally noted for their timidity. These twenty-six men, it should be emphasized, were selected out of 1,480 judgments given both by fellow-students and instructors, after at least a year of acquaintance. All of them were given tests of aggressiveness. One test consisted in asking the subject to look the experimenter in the eye while performing some rather difficult mental operations. The examiner counted the number of times that the subjects shifted their eyes. The result was telling: the timid group had a total of 72 shifts, while the aggressive had only a total of 6. Not one of the aggressive men shifted his gaze more than once. Of course, it is a fair objection that modesty and dishonesty would simulate the effects of timidity in this test. But perhaps even dishonesty and modesty are two different outgrowths of an extremely timid nature. Another interesting result was the fact that the staring delayed the time of calculation of the aggressive by only four-tenths of a second, but it caused the mental rate of the timid to be retarded by three and one-half seconds.

The aggressive person may be known by his resistance to fear. Dr. Wood had his subjects perform mental arithmetic for a given period. He warned them that during or at the end of this period they were to get an electric shock between 75 and 225 volts. Actually, they were given a shock of 75 volts at the end of the period of calculation. Dr. Woods measured the paralyzing effect that this fear-expectation had on their mental operations. It caused the timid to delay their responses by an average of six seconds, while the bold were delayed only two and one fifth seconds on the average.

The last test was the so-called "free association" test, the subject is given a word orally and is asked to reply by speaking the first word that occurs to him. The words used in this case were: Enterprise, death, success, danger, opponent, company. The results were interesting. For example, when the word enterprise was given, the timid betrayed the mental atmosphere in which they live by replying with the words, "failure," "difficult," etc. On the other hand, the thirteen aggressive men answered, "push," "activity," "scheme," "undertake," "power," "win." In all tests, on a scale of 100, the thirteen aggressive men got an average grade of 93, while the timid ones got an average of only 58.8 per cent. Dr. Woods says that no aggressive person will get a score less than 70 per cent.

Perhaps by a study of character anew in this careful experimental way, we are to escape brute chance in the matter of selecting right business associates. The example here given presents only a small fraction of the positive results we have so far attained in glimpsing the soul's inside.

Easy Payments

"That reminds me," said Vernor Hall of Dallas the other day, "of a native of Houston. A neighbor asked her one morning:

"What was that terrible noise I heard in your house last evening, Lucy?"

"Oh, you just heard the installment furniture collector collecting his easy payments."



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It is speedy and convenient. The operator works in an easy, natural position, without physical strain. Complete visibility of work facilitates speed and accuracy. Direct mechanical method makes corrections easy without mental calculation, or use of complementary figures. Best of all, every operation—writing, adding, checking—is performed in one. The Remington is the fastest of all bookkeeping machines.

It is complete. It will do *your* work. It will do it in *your* way. It will give you every check that you need, every proof that you need—even to the final proof of the correct entry of the balance on each account. It completes and finishes every task. No supplementary operations are ever necessary.

Our illustrated booklet "Modern Accounting Methods" sent on request

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good ribbon—
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FOR BOOKKEEPING IN ALL ITS BRANCHES



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and Better Business

Better for the Holder, for his character is vouched for, and he can ask for and be given responsibility.

Better for the Boss, who can turn over so much more detail work to bonded Employees.

And Better for The Business, for its cash and liquid assets are protected against dishonesty by the millions of resources of the

United States Fidelity & Guaranty Company

Maintains a department of Guaranteed Attorneys which provides for business houses an Up-to-date Credit and Collection Service.

Letters to the Editor

The Salesman's Opinion Strongly Favors the Credit Man

To the Editor of the CREDIT MONTHLY,
Sir:

Credit men who have been engaged in credit work for years and attained success in their work, are getting a bit tired of reading articles to the effect that there are many credit men who do not know how to get the best co-operation from sales departments.

This sort of accusation might have applied fifteen years ago but it does not apply today. Rarely does one meet a credit man who does not understand his part thoroughly, and who has not sold the importance of his department to the sales department of his concern and to the salesmen employed by his company. He understands the fundamentals of credit granting too well not to have accomplished that.

Writers of the type I refer to are injuring the members of their profession by continually declaring that the credit man does not understand the salesman's point of view. It is time that the credit men who really do understand how to check credits and known the importance of co-operating with the other departments choke off such utterances.

The credit man who is not well aware of the fact that it is easy to lean so far backward in checking credits that he can turn down enough business in a year to lose ten times as much in profits as he would lose through easy-going methods—is hard to find. There

is too much competition today to permit a credit manager who does not understand this point, or who does not know how to co-operate with the sales department, to hold his job very long. The average credit man today is looked upon by the average salesman as one of his best friends. *There is less friction between credit managers and salesmen than between salesmen and members of other departments.* Ask the average salesman what he thinks about his credit manager and he will, in the large percentage of cases, respond emphatically that his house has the best credit manager in the country.

We are urged by the National Association of Credit Men to read and study continuously, and ninety per cent. of our credit men are reading and studying in order to keep up with the times. They are constantly broadening their horizon. Their minds are active and they acquire a certain mellowness through their years of experience in dealing with all kinds of problems. This fact makes them the best liked men in business today.

I am certain it is but a small percentage of credit men who fail to work harmoniously with sales departments. Ask the average sales manager what he thinks of his credit manager and he will tell you he is pleased with his work, that the credit manager helps him make sales. Most credit men today are constantly keeping before them the sales end of the business. The credit man's position is a poor one for a narrow-minded man; and if by chance the narrow-minded man finds his way into credits he does not hold his place long.

I protest against credit men writing the sort of letters that create the im-

pression that the credit man does not know what he is doing. Let us stop writing articles that belittle the credit man; let us stop apologizing for him. The credit man knows what he is doing and why he is doing it most of the time. Let us have him recognized as one who occupies his place in the concern and does his work intelligently and in co-operation with the sales department, because that is the intelligent thing to do.

J. J. ROONEY,
Michelin Tire Company,
Milltown, N. J.

Thanks, Chattanooga

A Grateful Guest Speaks Up

To the Editor of the CREDIT MONTHLY:
Sir:

Perhaps we are still too near the Atlanta Convention of the National Association of Credit Men to get the proper perspective on it. But certain it is that every delegate enjoyed it, and if the words of old and regular attendants at our conventions are to be believed, it was one of the best, if not the best of all our Conventions. The part played by Atlanta in making the Convention so notable and enjoyable is known to all our members.

I understand that our Atlanta fellow members tell us that they have been overwhelmed with words of appreciation of their charming courtesy and their goodly fellowship. Eight hundred and seventeen attendants at the Convention owe, however, a debt of gratitude to Chattanooga, and for them Chattanooga will be forever linked with Atlanta in the memories of the glorious Convention week. For it was there that the New York, Chicago, Cleveland and Evansville Credit Men's Specials, bringing credit men from East and North and West, stopped to enjoy her hospitality and the wonders of her scenery.

Here on Lookout Mountain, "above the clouds," we looked down on the Tennessee River and watched it describe that strange bend, so aptly called "the moccasin," in its sinuous course through a beautiful patch-quilt valley. Nature had surely been lavish with her gifts, when she painted such a vista for human eyes. But although she had done so much to distinguish this garden spot, man had chosen it as a battleground in the worst of all wars—a war between blood-brothers. For it was here that Grant and Sherman and Sheridan and Thomas, with the Federal forces, defeated Bragg and the Confederate Army, thus opening up the "Gateway to the South."

The "Gateway to the South,"—words connoting military strategy and a hunger blockade sixty years ago, are now fraught with an almost magical sweetness. For it was at Chattanooga that we first felt the charm of Southern hospitality and Southern courtesy.

The day at Chattanooga was a fitting opening for the Convention week. And so Chattanoogaans, we thank you. We thank you for those never-to-be-forgotten drives to Lookout Mountain, Signal Mountain and Missionary Ridge. We thank you for that Tabernacle Barbecue. And we thank you for the unobtrusive cordiality, the spontaneous good-fellowship that we enjoyed in your midst. We know that Jim McCallum voices your sentiments when he wrote, "Chattanooga was happy to have had

the opportunity that for years she had been waiting for, namely, of paying back the many courtesies which have been extended to her delegates at other Conventions."

Yours for Chattanooga,
A NORTHERN GUEST.

The Customer's Character

Is Its Importance Waning?

To the Editor of the CREDIT MONTHLY,
Sir:

It seems to me that the time has come to be more outspoken about the bad morals of furnishing credit to a merchant whose past record indicates that he cannot be trusted.

Most credit men who aim to do accurate credit work based on a study of the case from all viewpoints when opening an account, are finding it harder and harder to justify themselves with their salesmen when refusing credit to an account whose history is blacker than the ace of spades but who is now paying bills, even perhaps discounting, offering large quantity orders to competitors and getting credit from them.

A case has just come to my desk. It relates to a certain merchant in Montana who failed for a large amount several years ago. There was no doubt in the minds of credit men that the failure was crooked and deliberately planned. With legal advice skilled in the bankruptcy line, the man was able to escape the punishment which he richly deserved, and is now back in business on a larger scale than before. Commercial reports, while not giving the details of the failure, say enough to put the reader instantly on guard. My contemporaries and I who recall the case know that to ship such a man on a credit basis, even though he discounts, is to take a great risk and to undermine every principle of good credit granting.

One of our salesmen writes: "I regret you cannot ship Doe, especially in view of the fact that many high class houses are shipping him large quantities of goods and, besides, he is discounting. He is now operating nine stores and will do about \$500,000. this year. Roe, of Exville, sold him over \$30,000. last year. Doe also told me he had placed \$18,000. in hosiery orders for fall." The salesman then goes on to mention the names of four or five of the largest jobbers and manufacturers in the west who are selling this account in large amounts on open account.

My investigation brings out corroborating information that Doe is discounting his bills, and I learn from a brother credit man, who had considerable trouble with Doe when he failed, that my salesman is correct in stating that the larger houses are shipping this man on regular terms. My correspondent adds that it is unfortunate that so many of the larger houses do not consider the principle that is involved in selling a crook on any terms, though he may for the moment be discounting his bills.

If credit grantors generally would make it a rule not to sell a commercial crook under any circumstances, it would not be long before fraudulent failure would be eliminated and business be on a safer and far more profitable basis. The honorable merchant is also to be considered, as he must fre-

quently compete with the fellow who would sell his merchandise at any price in order to get the cash with which to disappear or make a fractional settlement.

I could present many illustrations which would go to show that many establishments today are absolutely disregarding the basis of all great achievements whether in business or otherwise,—character.

The trouble is due to large houses which are either so hungry for business that everything is thrown to the winds to pass orders or to the fact that proper instructions are not given to youthful assistants who are given the task of passing credits. I am personally acquainted with many credit men of high standing, many of them associated with large houses which are neglecting this character element.

Clearly, one of the best ways to make the commercial crook recognize that what he is doing is not worth while is forever to refuse him credit, the credit man being resolved to investigate thoroughly and carefully the antecedents of every new account coming before him.

If we are to stamp out fraudulent failures and place business on the high character plane that credit men can put it on, we need only exercise the heartiest co-operation and the firmest determination to stand by principles proven just and fair throughout history. Checking on today's debt-paying basis alone without due regard for antecedents is absolutely unworthy of us. If we persist in such method we can never earn the right to professional standing—to say nothing of self-respect.

W. T. WALLING,
Hand Knit Hosiery Co.,
Sheboygan, Wis.

Uncle Sam's Book on Trade Associations

AS part of Secretary Hoover's far-sighted campaign to interweave trade associations with the work of the Department of Commerce is a 368-page book issued by the Department,—the department that has been called "The Master Trade Association,"—in the "Elimination of waste series."

The volume, entitled "Trade Association Activities," was prepared by L. E. Warford and Richard A. May, under the

direction of Julius Klein, and is sold by the Superintendent of Documents, Washington, D. C., at fifty cents a copy.

Among the sixteen chapter heads are: Statistics, Legislative Activities, Standardization, Trade Disputes and Ethics, Insurance and Public Relations. The appendices include a directory of national and international associations, giving the name of the association officer and address. This list is classified alphabetically, by commodities or service, and by functions. The book is by far the most comprehensive work of its kind on the subject.



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A. H. WITTHOHN, Asst. Sec.
M. J. VOLKMAN, Local Sec.

C. C. OWENS, Asst. Sec.

FINANCIAL STATEMENT, JANUARY 1, 1923

ASSETS


Bonds and Mortgages	\$ 860,300.00
U. S. Liberty Bonds	2,855,500.00
Government, City, Railroad and other Bonds and Stocks	35,256,025.47
Cash in Banks and Office	2,945,403.61
Premiums in course of Collection	7,640,891.26
Interest Accrued	415,074.64
Reinsurance Recoverable on Paid Losses	136,599.29
	\$50,109,794.27

LIABILITIES

Capital	\$ 3,500,000.00
Surplus	14,319,389.49
Reinsurance Reserve	18,090,595.52
Losses in course of Adjustment	6,235,323.00
Commission and other Items	5,459,486.26
Reserve for Taxes and Depreciation	2,505,000.00
	\$50,109,794.27

Surplus to Policy Holders
\$17,819,389.49

(1939)



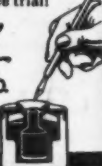
The Office Manager says

"An empty ink well, or a ruinous blot from an overloaded pen—these petty annoyances cut down efficiency. That's why there's a "Sengbusch" on every desk in this office. From the President, who signs only important documents, to the kid, who used to be busy spilling ink, they mean work done more quickly, more neatly, more easily."

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Leaders of the Bank Credit Men for 1923-24

AT a recent meeting of the Robert Morris Associates the following officers were elected for the coming year: Pres.: J. N. Eaton, Merchants Natl. Bank, Boston, Mass.; 1st Vice-Pres.: J. F. Craddock, Continental and Com-

mercial National Bank, Chicago, Ill.; 2nd Vice-Pres.: F. S. Sibley, R. I. Hospital Trust Co., Providence, R. I.; Sec-Treas.: Alexander Wall, Lansdowne.

Our Transportation Problem

(Continued from page 30)

the complexities of the problem, and in advancing definite recommendations for its solution. Without the constructive help rendered by these co-operative organizations, the transportation situation would be much more complicated than it is at present, as they have moulded public opinion to a considerable extent beyond the definite group consisting of those persons from whom they have derived their support.

The functions of the National Transportation Institute will not encroach upon or conflict with, but will supplement the activities of these organizations. These are being invited to co-ordinate their investigations within the Institute as a clearing house, for no matter how accurate their respective findings may be, their joint conclusions expressed through the Institute, supported by all of them would have the strongest appeal for general approval, and being based upon the broadest foundation of fact would be accepted by the public as truth.

With such principles of organization the Institute has been able to secure the endorsement of the President of the United States and innumerable other men who are alert to the necessity of treating the transportation scientifically. Among those who should be credited with their conception of the Institute are Bird M. Robinson, president of the American Short Line Railroad Association, who has been elected chairman of the Executive Committee, and James R. Howard, former president of the Farm Bureau Federation, who resigned to become president of the Institute. Mr. Robinson and Mr. Howard have taken a leading part in the transportation phase of the inquiry made by

the Joint Commission of Agricultural Inquiry and joined forces to organize the National Transportation Institute.

The members of the Research Council will be men eminent in public confidence and affairs, of recognized integrity and outstanding learning with respect to transportation. Several of them have been determined upon. The Hon. Edgar M. Clark, formerly chairman of the Interstate Commerce Commission, has been elected as chairman, with Hon. Sidney Anderson, M. C., formerly chairman of the Joint Commission of Agricultural Inquiry, vice chairman.

A Pointed Collection Letter

JOHN J. WEBER, printer, Fernwood, Pa., is getting results with the following novel collection letter:

Dear Sir:

Here is a pin. (A pin is stuck in here.) It's not an ordinary pin—not the kind your wife pins her dress with or anything of that kind—it's really a magic pin.

We are going to let you use it for a few minutes—and only a few minutes, because it is imperative that we get it back.

It is going to serve a wonderful purpose. It is going to get a lot of matters cleared up that have been pending for some time.

The real reason for this pin, and the real use you are to use it for, is to pin your check to the attached statement and return it to us.

You can see at a glance that this pin will really do a lot of good for both of us.

Very sincerely,

John J. Weber

P. S. Don't forget to return the pin at once—others are waiting to use it.

A Big Cleveland Outing

NO less than 86 prizes were hung up by various members of the Cleveland Association of Credit Men for the big annual outing last month. The list began with Armour & Co., smoked ham, and ended with the Willard Storage Battery Co., one radio A battery or two radio B batteries. All kinds of outdoor contests for men, women and children, including a marshmallow race for boys and girls, made the occasion a memorable one. President Geddes appointed eight outing committees so that every phase of the party was well handled.

Editor Libelled

THE following outrageous libel, said to be the fiendish work of C. A. Richards, of the Chicago Association of Credit Men, was sung (once) at the 27th Annual Convention at Atlanta.

"Oh, Mister Gallagher, Oh, Mister Gallagher,

I read the CREDIT MONTHLY to the end. I derive great benefit

From the points I get from it;

It's a journal that I highly recommend."

"Why, Mister Shean, from it I glean

Many things that save me money every day

And its able Editor

Is one W. ditto Orr"

"Does he write it, Mister Gallagher?"

"With a scissors, Mister Shean."

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Why not let the other 33,000 Business

Executives know about it?

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Positions Wanted

CREDIT MANAGER—Seeking greater opportunity, desires to make new connection. Now employed by large hardware jobber in the north-west. Ten years experience manufacturing and jobbing credits. University law graduate. Age thirty-five. Excellent record. Future more important than salary. Address Advertisement 849.

CREDIT MANAGER—Desires to connect with reliable house. Twenty-one years' experience in handling jobbing manufacturing, cutting up and general lines. Has checked credits up to fifteen million dollars annually. Also expert foreign credits. Address Advertisement 850.

EXECUTIVE ASSISTANT OR OFFICE MANAGER—Twelve years' experience in systematizing, correspondence, sales letters and accounting. New York City connection desired. Immediate availability. Age 30. Proven executive ability. Salary secondary to promising future. Address Advertisement 851.

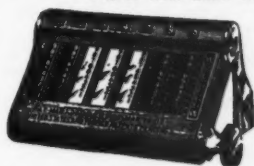
CREDIT MAN—Entire business experience of 15 years in men's wear line, is open for position with a progressive house offering opportunities for man of executive ability, accustomed to full charge of credit department and office, also experienced in handling and directing sales force. Address Advertisement 852.

CREDIT AND COLLECTION MANAGER—Wants to make change. Age 36, Protestant. Seven years' experience. Result producer and a capable executive. Prefer Cleveland or middle west. \$4,000 to start. Address Advertisement 853.

EXPERIENCED CREDIT MAN—Desires connection with manufacturing or jobbing house.

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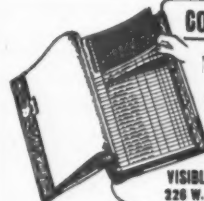
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of the Credit Monthly**

POSITION OF RESPONSIBILITY AND OPPORTUNITY—Age 40, married, now employed as plant accountant. Experienced in manufacturing costs, credits, collections, office management and expert bookkeeping. Location, Philadelphia preferred. Salary \$3,000. Available on 10 or 15 days' notice. Address Advertisement 858.

Increased Efficiency

The Credit Man's Platform adopted by the 27th Annual Convention of Credit Men is issued in the form of a small pamphlet convenient for enclosing in letters, and is for sale in quantities at cost by the National Association of Credit Men, 41 Park Row, New York. One of the planks is as follows:

"Efficiency is translated into the word production. Increased efficiency means a larger production of constructive ideas, better systematizing of credit transactions, the lopping off of unnecessary waste that arises so frequently because of unwise chances taken. Efficiency embraces also improved mechanism for the credit department, a study of department mechanics that the work may move smoothly at the smallest cost of labor and time."

Addresses Wanted

ALLISON, Z. M., 6506 Yale Avenue, also 22 Quincy Street, Chicago, Ill.
 BROUGH, ROBERT & COMPANY, formerly located at Paterson, New Jersey.
 COHEN, H. E., formerly doing business as the Cleveland Premium Co., 502 Stone Bldg., Cleveland. Later in Wilkes-Barre, Pa.
 COHN, L. T., formerly of 512 Atlantic Ave., Atlantic City, N. J.
 CONNELL, W. V., formerly of Birmingham, Alabama.
 CORBIN, MRS. V. V., 6720 N. Ashland Ave., Chicago, Ill., also of Buffalo, N. Y.
 DIENNO, JOHN, formerly conducted Jack's Auto Radiator Service, at 5339 Chestnut Street, Philadelphia, Pa.
 DOEPEL, O. J., formerly of Cleveland, Ohio. Now supposed to be in either Columbus, Ohio, or Detroit, Mich.
 DOERR, ROY J., formerly operated a plumbing and electric shop at Paola, Kansas.
 GASKILL, W. BARRETT, a builder, Moore, Pa.
 HIGGINS, W. W., 815 Montrose Blvd., Chicago, Ill., later located in Long Beach, California.
 HINCKLEY, F. A., previously in business at Hammond, La. Last known address 3634 Coliseum Street, New Orleans, La. Now employed as salesman for a New York Cigar House.
 IRVIN, JOHN H., at one time operated a hay, grain and feed brokerage place at 3120 Chestnut Street, Philadelphia, Pa.
 JAESEKE, CHARLES, formerly physical director of Northern Playgrounds, 6th & Noble Streets, Philadelphia, Pa.
 KALMANS & ORLICK, recently conducted a New and Second Hand Furniture business at 301-305 Fifth Avenue, Brooklyn, N. Y.
 KIRKPATRICK, C. K., formerly operating as Kirkpatriks, Hoffman Service Company at 919 West Sixth Street, and previously at 1813½ West Pico Street, Los Angeles, California.
 LAGADAS, GEO., formerly located at 21 Washington Street, New York City, and previous to that at 28 Greenwich Street and 11 Washington Street, New York City.
 LEWIS, B. J., formerly of 4632 Camden Avenue, Minneapolis, Minn.
 MEEHAN, JOSEPH, 618 Delaware Avenue, Washington, D. C.
 OUTLET NOVELTY COMPANY, Abraham Cornetz, Prop., recently at 281 Windsor Street, Hartford, Conn.
 QUARLES, THOMAS, formerly located at 42 Vernon Street, Hartford, Conn.
 RIGGS, ARCH, formerly at Blaire, West Virginia.
 SMITH, GEO. V., recently operated as Smith's Sample Shoe Company, at 314 N. Center Street, Pottsville, Pa. Reported to have gone to New York.
 SWAIN, P. A., formerly resided at 623 S. Scott Street, New Orleans, La. Last heard from in Kansas City, Mo., connected with some Insurance Company.
 WEISS, ADOLPH, 748 Michigan Boulevard, Chicago, Ill.
 WILT, CHESTER A., formerly of Steelton, Pa. Now reported to be residing in Harrisburg, Pa.

Information Wanted

A party who gives his name as M. Marx and who may use other names such as S. Harris, Alfred Blanchard and R. Eppinger, about 45 years old; height, five feet six inches; weighs about 165 pounds; good appearance; speaks excellent English; full face with thick sandy moustache; talkative; wears large stick pin in his tie and a large ring set with colored stones, is representing himself as a buyer for Havana merchants. He is traveling throughout the country leaving the impression on those he visits that he is in the market for merchandise, particularly automotive products, and his scheme is to buy tires, etc., in a small amount to be taken with him and giving a worthless check in payment.

Members are requested to be on the lookout and those having dealings with him will please communicate with this office.

The Diehl Manufacturing Co. says that a person by the name of V. B. Devine called recently at their Boston office, represented himself as an authorized agent of the Stoughton Rubber Co., of Stoughton, Mass., and with an order form, secured merchandise valued at \$18. The American Rubber Co., of which the Stoughton Rubber Co. is a subsidiary, has notified the North Jersey Association of Credit Men that this Devine man has no authority to make such purchases, and is not, nor was ever employed by them.

Directory of Officers

Affiliated Branches National Association of Credit Men

Note: A. C. M. means Association of Credit Men.

ALABAMA, Birmingham—Birmingham A. C. M. Pres., T. F. Ormond, Earle Bros.; Sec.-Mgr., R. H. Eggleston, Chamber of Commerce Bldg.
 ALABAMA, Montgomery—Montgomery A. C. M. Pres., Murray W. Dantzer, Jr., Swift & Co.; Sec., I. M. Holloway, 81 Vandiver Bldg.
 ALABAMA, Selma—Selma A. C. M. Pres., Sec., R. S. Carothers, Selma Hardware Co.
 ARIZONA, Phoenix—Arizona Wholesalers' Board of Trade, Phoenix. Pres., Geo. O. Miller, Arizona Hdw. Supply Co.; Sec., Homer F. Allen, Nat. Bank of Arizona Bldg.
 ARKANSAS, Fort Smith—Fort Smith A. C. M. Pres., H. C. Bass, J. Foster & Co.; Sec., Chas. Taylor, W. J. Echols & Co.; Asst. Sec., Mrs. Ethel Bolinger.
 ARKANSAS, Helena—Helena A. C. M. Pres., O. V. Luke, McKee Wholesale Hdw. Co.; Sec., W. C. French, P. O. Box 618.
 ARKANSAS, Little Rock—Little Rock A. C. M. Pres., F. L. Huddleston, Fones Bros. Hardware Co.; Sec., J. C. Eakin, Crow-Burlingame Co.
 CALIFORNIA, Los Angeles—Los Angeles A. C. M. Pres., H. I. Brenner, United Wholesale Grocery Co.; Sec., E. L. Ide, 312 East Third St.; Asst. Sec., Mrs. Blanche L. Tuffield.
 CALIFORNIA, San Diego—Credit Association of San Diego. Pres., J. M. Purdy, Wellman-Peck Co.; Sec., Carl O. Retzlaff, 573 Spreckles Bldg.
 CALIFORNIA, San Francisco—San Francisco A. C. M. Pres., Eugene S. Elkus, The Elkus Co., Inc.; Sec., Felix S. Jefferies, 605 Wells Fargo Bldg.
 COLORADO, Denver—Denver A. C. M. Pres., A. W. Reincke, The J. S. Brown Mercantile Co.; Sec., H. A. Bromley, Cluett-Peabody Co., Inc.; Asst. Sec., David F. Lowe, 414 Empire Bldg.
 COLORADO, Pueblo—Pueblo A. C. M. Pres., Sec., Mr. Riley, Pueblo Flour Mills; Asst. Sec., F. L. Taylor, 747 Thatcher Bldg.
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 CONNECTICUT, Hartford—Hartford A. C. M. Pres., L. W. Young, Stanley Works, New Britain; Sec., H. I. Page, Whitlock Coil & Pipe Co., Hartford.
 CONNECTICUT, New Haven—New Haven A. C. M. Pres., Wm. E. Hilliard, New Haven Trap Rock Co.; Sec., Wm. E. Fertman, G. & O. Mfg. Co.
 DIST. OF COLUMBIA, Washington—Washington A. C. M. Pres., W. C. Hanson, E. G. Schafer Co.; Sec., R. Preston Shealey, 725 Colorado Bldg.
 FLORIDA, Jacksonville—Jacksonville A. C. M. Pres., Shelby R. Smith, Check-Near Coffee Co.; Sec., H. W. Reno, 301 Law Exchange Bldg.
 FLORIDA, Tampa—Tampa A. C. M. Pres., W. C. Thomas, Tampa Hardware Co.; Sec.-Treas., S. B. Owen, 4-5-6 Roberts Bldg.
 GEORGIA, Atlanta—Atlanta A. C. M. Pres., H. E. Moody, R. M. Hollingshead Co.; Sec., C. L. Williamson, 503 Chamber of Commerce Bldg.
 GEORGIA, Augusta—Augusta A. C. M. Pres., F. B. Harmon, Carr-Lee Grocery Co.; Sec., P. H. Dunbar, Clark Milling Co., Asst. Sec., W. B. Oliver, 313 Lamar Bldg.
 GEORGIA, Macon—Macon A. C. M. Pres., J. W. Roberts, Adams Bros. Co., Sec., J. Tom Dent, S. R. Jacques & Tinsley Co.; GEORGIA, Savannah—Savannah A. C. M. Pres., W. B. Stratford, Citizens & Southern Bank; Sec., L. R. Buckner, P. O. Box 1316.
 IDAHO, Boise—Boise A. C. M., Ltd. Pres., T. A. Johnson, Boise Produce & Commission Co.; Sec., D. J. A. Dirks, 216-218 Boise City National Bank Bldg.
 ILLINOIS, Chicago—Chicago A. C. M. Pres., Otto F. Schultz, Western Felt Co.; Sec., J. F. O'Keefe, Suite 944-949 First National Bank Bldg., 38 So. Dearborn St.
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 A NATIONAL MAGAZINE OF BUSINESS FUNDAMENTALS

Published by the National Association of Credit Men

WILLIAM WALKER ORR, *Editor*

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Before a cry for help can be uttered, helping hands are stretched out filled to overflowing with the gifts of whole nations.

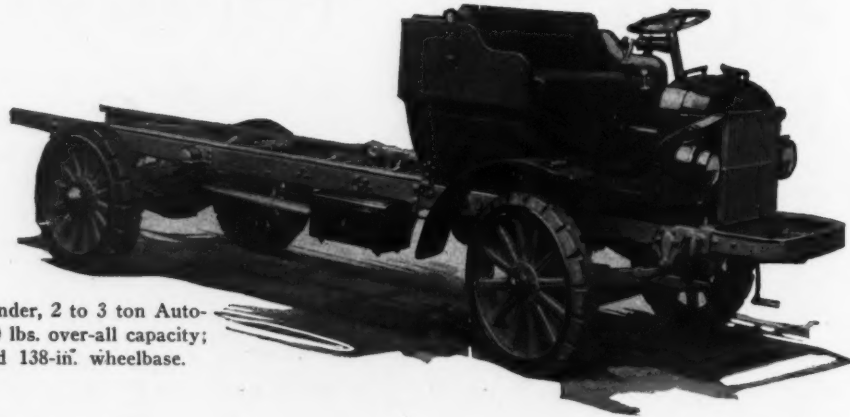
In such times we realize our common humanity. Before it, mistrust gives way and mind meets mind without studied formula. Men everywhere are brought into a common understanding and bound by cords of human sympathy.

Tragic as the horrible catastrophe in Japan was, may there not be compensation for Japan and the rest of the world in the strengthening of these bonds of common humanity? Alliances formed by statesmen as matters of convenience we have seen again and again dissolve, but an alliance when the heart of one nation which has reached out and touched the heart of another is more permanent even than terra firma itself.

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